

Active Care Partnerships (Intercare) Limited
Annual report and financial statements
for the year ended 27 September 2009

Registered Number 3440926



Active Care Partnerships (Intercare) Limited
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for the year ended 27 September 2009
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Active Care Partnerships (Intercare) 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 3440926.

Principal activity

The principal activity of the company during the current and prior year comprised that of an intermediate holding company.

Business review and future developments

The loss for the financial year amounted to £7,000 (2008: profit of £6,943,000) after receiving dividends from subsidiary undertakings of £nil (2008: £6,950,000). 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 do not recommend the payment of a dividend (2008: £6,950,000).

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 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. For banks and financial institutions, only institutions with a short term credit rating, as determined by Moody's, of P-1 are accepted.

Active Care Partnerships (Intercare) Limited

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

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.

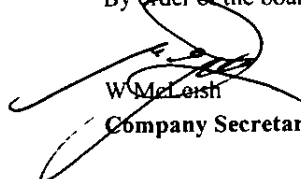
Disclosure of information to Auditors

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

9 February 2010

Active Care Partnerships (Intercare) Limited

Independent auditors' report to the members of Active Care Partnerships (Intercare) Limited

We have audited the financial statements of Active Care Partnerships (Intercare) 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 loss 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.

Active Care Partnerships (Intercare) 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
9 February 2010

Active Care Partnerships (Intercare) Limited

Income statement for the year ended 27 September 2009


	Note	2009 £'000	2008 £'000
Central costs		-	(2)
Other income	5	-	6,950
Operating profit	1	-	6,948
Finance costs	2	(10)	(8)
(Loss)/profit before taxation		(10)	6,940
Taxation	4	3	3
(Loss)/profit for the year attributable to ordinary shareholders of the company		(7)	6,943

Active Care Partnerships (Intercare) Limited

Balance sheet as at 27 September 2009

	Note	2009 £'000	2008 £ 000
Assets			
Non-current assets			
Investments in subsidiary undertakings	7	34	34
Total non-current assets		34	34
Current assets			
Cash and cash equivalents	8	58	485
Current tax asset	4	3	3
Total current assets		61	488
Total assets		95	522
Liabilities			
Current liabilities			
Payables	9	(12)	(432)
Total current liabilities		(12)	(432)
Net assets		83	90
Equity			
Ordinary shares	11	-	-
Retained earnings		83	90
Total equity		83	90

The financial statements on pages 5 to 16 were approved by the board of directors on 9 February 2010 and signed on its behalf by



D Smith
Director

Active Care Partnerships (Intercare) Limited

Cash flow statement for the year ended 27 September 2009

	Note	2009 £'000	2008 £'000
Cash flows from operating activities			
Cash (used in)/generated from operations	12	(420)	7,292
Interest paid		(10)	(8)
Tax received		3	13
Net cash (used in)/generated from operating activities		(427)	7,297
Cash flows from financing activities			
Dividends paid		-	(6,950)
Net cash used in financing activities		-	(6,950)
Net (decrease)/increase in cash and cash equivalents		(427)	347
Opening cash and cash equivalents		485	138
Closing cash and cash equivalents		58	485

Statement of changes in shareholders' equity

	Ordinary shares £'000	Retained earnings £'000	Total equity £'000
At 1 October 2007	-	97	97
Profit for the year attributable to ordinary shareholders	-	6,943	6,943
Ordinary dividends paid	-	(6,950)	(6,950)
At 28 September 2008	-	90	90
Loss for the year attributable to ordinary shareholders	-	(7)	(7)
At 27 September 2009	-	83	83

Active Care Partnerships (Intercare) 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 loss 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.

Active Care Partnerships (Intercare) 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 losses or equity The adoptions may affect the disclosures in the company's financial statements

Consolidated accounts

The financial statements contain information about Active Care Partnerships (Intercare) Limited as an individual company and do not contain consolidated financial information as the parent of a group The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Southern Cross Healthcare Group PLC, a company registered in England and Wales

Other income

Other income relates to dividends received from subsidiary undertakings

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provision for impairment A provision is made for permanent diminution in value

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

Cash and cash equivalents

Cash and cash equivalents includes cash and balances in accounts at no or short notice

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

Payables

Payables comprise amounts owed to group undertakings, which are measured at the best estimate of the expenditure 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 of payables are assumed to approximate their fair values

Active Care Partnerships (Intercare) Limited

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. For banks and financial institutions, only institutions with a short term credit rating, as determined by Moody's, of P-1 are accepted.

Active Care Partnerships (Intercare) Limited

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

1 Operating profit

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

2 Finance costs

	2009 £'000	2008 £'000
Interest payable on amounts owed to group undertakings	10	8

3 Employees and directors

No directors received any remuneration from the company during the year (2008 £nil) The directors' emoluments were paid by Southern Cross Healthcare Limited, another group company

The company had no employees during the year (2008 none)

4 Taxation

	2009 £'000	2008 £'000
Current tax		
– current year	(3)	(3)
Taxation	(3)	(3)

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

Active Care Partnerships (Intercare) Limited

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

	2009	2008
	£'000	£'000
(Loss)/profit before taxation	(10)	6 940
(Loss)/profit before taxation multiplied by the standard rate of corporation tax in the UK of 28% (2008 29%)	(3)	2 013
<i>Effects of</i>		
Income not chargeable for tax purposes	-	(2 016)
Tax credit for the year	(3)	(3)

5 Other income

	2009	2008
	£'000	£'000
Dividends received from subsidiary undertakings	-	6,950

6 Dividend paid and proposed

The directors have not recommended the payment of a dividend (2008 £6,950,000)

Active Care Partnerships (Intercare) Limited

7 Investments in subsidiary undertakings

	£'000
Shares in subsidiary undertakings	
Cost and net book amount at 1 October 2007, 28 September 2008 and 27 September 2009	34

The company directly owns 50% of the issued ordinary share capital of the following companies registered in England and Wales

Care home operating companies

Active Care Partnerships (Broadoaks) Limited
Active Care Partnerships (Churchfields) Limited
Active Care Partnerships (Drummond) Limited
Active Care Partnerships (Fryers) Limited
Active Care Partnerships (Lombardy) Limited

The directors believe that the carrying value of the investments is supported by their underlying net assets

The companies noted above are deemed to be subsidiary undertakings because the remainder of the share capital in each entity is owned by another group company, Active Care Partnerships (holdings) Limited

8 Cash and cash equivalents

	2009	2008
	£'000	£'000
Cash at bank and in hand	58	485

All cash balances are held by Barclays Bank PLC, whose current credit rating, as determined by Moody's, is P-1

9 Payables

	2009	2008
	£'000	£'000
Amounts owed to group undertakings	12	432

Amounts owed to group undertakings are unsecured, repayable upon demand and interest is charged at 5% (2008 7%)

Active Care Partnerships (Intercare) Limited

10 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	2008
	Loans and receivables	Loans and receivables
	£'000	£'000
Assets as per balance sheet		
Cash and cash equivalents	58	485

	2009	2008
	Other financial liabilities	Other financial liabilities
	£'000	£ 000
Liabilities as per balance sheet		
Payables	12	432

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

Financial assets and liabilities are denominated in sterling.

11 Ordinary shares

	2009	2008
	£	£
Authorised share capital		
100 ordinary shares of £1 each	100	100
Allotted and fully paid		
100 ordinary shares of £1 each	100	100

Active Care Partnerships (Intercare) Limited

12 Cash flows from operating activities

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

	2009 £'000	2008 £ 000
Operating profit	-	6,948
<i>Changes in working capital</i>		
(Decrease)/increase in payables	(420)	344
Cash (used in)/generated from operating activities	(420)	7,292

13 Contingent liabilities

The company has provided cross guarantees in relation to bank and other borrowings of other group undertakings amounting to £41.9m (2008 £87.5m)

14 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

	Working capital movement increase £'000	Interest paid £'000	Amounts owed to £'000
Fellow subsidiary undertakings	430	(10)	(12)

Year ended 28 September 2008

	Working capital movement decrease £'000	Interest paid £ 000	Amounts owed to £ 000
Fellow subsidiary undertakings	(336)	(8)	(432)

Active Care Partnerships (Intercare) Limited

During the year the company received dividends of £nil (2008 £6,950,000) from the following subsidiary undertakings

	2009 £'000	2008 £'000
Active Care Partnerships (Broadoaks) Limited	-	1,750
Active Care Partnerships (Churchfields) Limited	-	1,650
Active Care Partnerships (Drummond) Limited	-	1,100
Active Care Partnerships (Fryers) Limited	-	1,550
Active Care Partnership (Lombardy) Limited	-	900
	-	6,950

During the year the company paid dividends of £nil (2008 £6,950,000) to Active Care Partnerships (Holdings) Limited, its immediate parent company

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

15 Ultimate parent company

The immediate parent company is Active Care Partnerships (Holdings) 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

16 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