

Analyze of southern cross healthcare accounts

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Analyze of Southern Cross Healthcare Accounts. Inserts His/her Inserts Grade
Inserts Analyze of Southern Cross Healthcare Accounts In the year 2006 the performance of Southern Cross Health Care was not worse than when the business was acquired by Lloyds and RBS. The performance of the company triples up the value of its shares. The demand for health care service remains high in the year 2007. The Group manage to increase the bed capacity by 25% during the year. This was much well ahead of the expectation with a net 132 homes and 7, 298 bed added to the group. The Group was able to deliver shareholders value with the growth during the year finances completely through leaseback and sale arrangement. Although the Group grow significantly during the year they only own 8% share of the market. Over the year the high occupancy rate that cut across all the brands has led the Group revenue to grow \$731. 9 compared to \$610. 9 for the year 2006. On the weekly basis at an average fee of \$477, the Group generate a revenue of \$588. 5 and Home EBITDAR before central costs of \$177. 5m or 30. 2 (2006 - 29. 7%). The earning/(loss) per share for the year was 1. 0p (2006-loss 9. 4p). There was a reduction of net debt across the year \$17. 7m and the group continue to demonstrate a strong cash generation from operation (105. 2% -2007 to 103. 7-2006 EBITDA adjusted. In the year 2008 as compared to year 2007 the Group increase bed capacity from 34, 425 to 37, 425. This follows an increase of number of home from 673 to 735 within the year. The average occupancy for the year 2008 was 89. 5% as compared to 90. 5% for the year 2007. The Group manage to maintain it cost control efficiency of the underlying portfolio and successful integration of its acquisition. The revenue in this year was \$889. 4m which is an increase as compared to \$731. 9m for the year 2007. There was an operating loss of \$ 5. <https://assignbuster.com/analyze-of-southern-cross-healthcare-accounts/>

2m which is a reduction from the previous year \$11. 9m and this was after a charge of \$50. 5 for a future minimum lease charge under IAS 17. Similarly, there was a huge increase in the loss per share in the year as compared to year 2007(9. 57 to 0. 96 per earning). On the side of dividends the adjusted earnings per share for the year was 19. 60 and this is an increase from 19. 04 for the year 2008. The revenue for the Group in the year 2009 increase by 14. 0% compared to year 2008. Similarly, the Home HBITDAR increases by 19. 8 % in the year 2009. The adjusted EBITDA of \$72. 5m was achieved compared \$78. 1 in the year 2008 and \$66. 8m in 2007. The results in many respects have held up well despite the recession and the credit squeeze. In the year 2009 revenue grow by 5. 4% to #937. 1m from year 2008. In the year 2010 the Group witness a similar increase in terms of the bed capacity. There was an increase to 38, 603 beds at the end of the period as compared with 38, 124 bed in 2009. The number of home operated increased to 752 during the year 2011 as compared 744 in the year 2010. Revenue increase by 3. 4% to \$464. 3m compared to \$480. 7m for the year 2010. On the other hand the loss before tax was \$310. 9 compared to 22. 9, of which was non-cash accounting charge, compromising the write-off of goodwill (4219. 2m) and the impairment of the value of property, plant and equipment (\$48. 6m). The adjusted loss per share was 21. 19p in the year 2011 compared with 5. 26p in the year 2010. The net debt increases to \$14. 4m in the year 2011 from \$7. 3 at previous year end. In the light of this analysis it is apparent that the business was undergoing growth despite external factors that face the Group. The competitive challenges pause by Blackstone and the IPO offer did not have devastating impact on the group. The only problem that is apparent is the management taking off eye on the sale-and- lease formulary.

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However, the business grew its profit and revenue since 2004 when it disposed of shares to Blackstone Company. Until July, 2006 when the company went to public offer viewed as responsible and high quality operator. The company became one of the top in value and size 3 months after entering into FTSE 250 index. The company raises \$ 423 through sale of its share in London Stock Exchange by selling its share at 225 per share. It is worth noting how the Blackstone makes supernormal profit by buying cheaply from South Cross and selling them at higher prices. The trend according to analysis is not favourable for Southern Cross Health as it indicated in the announcement of 750 homes facing demise. Despite stepping to assumed control over a number of the homes the situation is pressing one as it places demands on the U. K. government to devise a system that will prevent such occurrences from happening in the future. It is important that the company consider adopting new strategies to counter the drop of its performance. References Constantinides, G., Harris, M & Stulz, M 2003, Capital Assets Pricing Model, Corporations-- Finance, North-Holland: Elsevier. Eugene F. Brigham, J, Daves, R 2009, Intermediate Financial Management, New York: Cengage Learning. Gibson, H 2010, Financial Reporting & Analysis: Using Financial Accounting Information, New York: Cengage Learning. <http://www.investopedia.com/terms/i/inventoryturnover.asp#ixzz1d8woltEB> Moyer, R., McGuigan, R & Kretlow, J 2008, Management. New York: Cengage Learning. Tamari, M 1978, financial ratios: analysis and prediction. P. Elek: Indiana University.