

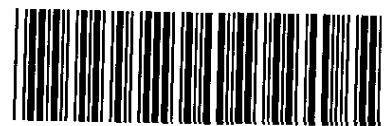
MHC (Social Care) Limited

Registered number: 11042576

Annual report and unaudited financial statements

For the year ended 30 June 2021

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MHC (SOCIAL CARE) LIMITED

COMPANY INFORMATION

Directors Mental Health Care (UK) Limited
N Kelly (appointed 30 November 2020)

Registered number 11042576

Registered office Alexander House
Highfield Park
Llandymog
Denbighshire
LL16 4LU

Accountants Mazars LLP
Chartered Accountants
One St. Peter's Square
Manchester
M2 3DE

Bankers Barclays Bank plc
3rd Floor
Windsor Court
3 Windsor Place
Cardiff
CF10 3ZL

MHC (SOCIAL CARE) LIMITED

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MHC (SOCIAL CARE) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

Business review

The Company continued its principal activities throughout the current year as detailed in the Directors' Report.

Financial position at the reporting date

The Statement of Financial Position shows that the Company's position at the year end has increased from net assets of £14,259 to net assets of £19,259. This is due to the profit made during the year.

Principal risks and uncertainties

The directors consider the key risks and uncertainties facing the company to be as follows:

Competitive pressure in a market for specialist challenging behaviour services is a continuing risk for the company as a number of alternative providers exist across the UK. The group (headed by the ultimate parent MRA UK Investments Limited) continues to mitigate for this risk by developing services which are sufficiently differentiated from the competition by means of both the behavioural models applied and the niche client groups cared for by the group.

The service users are wholly funded by public sector sources. Consequently the group is therefore exposed to risks surrounding changes in government policies and the impact of enacted and planned reductions in spending on health and social care. This risk is mitigated by providing robust evidence of quality and service user outcomes, as well as ensuring that the group continues to contract with a wide range of funding providers. The group will continue to review and amend its cost base to counteract funding changes.

The directors have considered the MRA group and subsidiary companies trading and cash flows for the foreseeable future taking into account reasonably possible changes in trading performance. After making enquiries and taking into account the uncertainties arising from the current economic circumstances, the directors have a reasonable expectation that the company and the MRA group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The withdrawal of the United Kingdom from the European Union

New trading arrangements between the United Kingdom and the European Union took effect on 31 December 2020. The Company's customers are all UK based. The workforce are mainly UK citizens. The Company mainly buys from UK suppliers, the source of the products purchased can be from the EU and includes medicines, and while management do not consider there will be significant cost and supply disruption, there have been some circumstances outside of their control. Employment within the sector has been affected since Brexit, whereby it has become much more difficult to recruit full time care and nursing staff due to many EU Citizens leaving the UK since 31 December 2020. This has resulted in an increased use of agency staff in order to fulfil the staffing requirements necessary and therefore this has adversely affected the cost base. The recruitment difficulties are also seen at agency level and therefore the group has had to use several suppliers to meet the service level requirements.

MHC (SOCIAL CARE) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

COVID-19

COVID-19 continues to be an extremely challenging event, particularly when operating residential and hospital care in a closed environment. The effects were felt from early 2020 onwards however the clear focus continues to be the health, safety and wellbeing of our service users, employees and visitors.

We have a team set up to regularly monitor the operations and review the latest guidance from the UK & Welsh Governments, Public Health Wales and Public Health England and to adapt and respond quickly to guidance as it evolves. This team keeps the management team updated and regular communication is cascaded to our residential care homes and hospitals.

PPE is provided and with the dedication and hard work of our staff, during this unprecedented time, our priority is to ensure business continuity working with the risk factors and to continue to deliver safe, high level care to all our service users. We will continue to follow and practice the safe measures we have put in place for the foreseeable future.

Financial key performance indicators

The Company's strategy is to continually improve the quality of the services provided and to increase its capacity. This will be delivered through continued investment in the development of our employees and refurbishment of our existing properties. These measures will ultimately be reflected in the turnover and profitability of the group.

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


Niall Kelly

N Kelly
Director

Date: Jun 30, 2022

MHC (SOCIAL CARE) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The Directors present their report and the financial statements for the year ended 30 June 2021.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to 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.

Principal activity

The Company's principal activity is the management of a group of companies engaged in the care of people with learning disabilities.

Results and dividends

The profit for the year, after taxation, amounted to £5,000 (2020 - £4,159).

The Directors do not recommend the payment of a final dividend.

Directors

The Directors who served during the year were:

Mental Health Care (UK) Limited
B A MacGlashan (resigned 30 November 2020)
S Owen (resigned 31 August 2020)
R Sandick (resigned 30 November 2020)
A Dean (resigned 16 November 2020)
N Kelly (appointed 30 November 2020)

MHC (SOCIAL CARE) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Future developments

The Company's strategy is to continually improve the quality of the services provided and to increase its capacity. Delivery of this has progressed during the financial year, through continued investment in the development of our employees and refurbishment of our existing properties and facilities.

Matters covered in the Strategic Report

The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's Strategic Report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report.

The following information has been included in the Strategic Report and is incorporated into this report by reference:

- Business review;
- Financial position at the reporting date;
- Future developments;
- Principal risks and uncertainties;
- The withdrawal of the United Kingdom from the European Union;
- COVID-19;
- Financial key performance indicators.

Post balance sheet events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

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


Niall Kelly

N Kelly
Director

Date: Jun 30, 2022

MHC (SOCIAL CARE) LIMITED

**CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF
THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF MHC (SOCIAL CARE) LIMITED
FOR THE YEAR ENDED 30 JUNE 2021**

In accordance with our engagement letter dated 18 March 2022 and in order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of the Company for the year ended 30 June 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes from the Company's accounting records and from information and explanations you have given to us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at www.icaew.com/en/members/regulations-standards-and-guidance/.

Respective responsibilities of Directors and accountants

You have acknowledged on the balance sheet for the year ended 30 June 2021 your duty to ensure that the Company has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the Company's assets, liabilities, financial position and profit. You consider that the Company is exempt from the statutory requirement for an audit for the year.

This report is made solely to the Board of Directors of MHC (Social Care) Limited, as a body, in accordance with the terms of our engagement letter dated 18 March 2022. Our work has been undertaken solely to prepare for your approval the financial statements of the Company and state those matters that we have agreed to state to the Board of Directors, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept nor assume responsibility to anyone other than the Company and its Board of Directors, as a body, for our work or for this report.

We have not been instructed to carry out an audit or review of the financial statements of MHC (Social Care) Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Mazars LLP

Chartered Accountants

Mazars LLP

Chartered Accountants

One St. Peter's Square
Manchester
M2 3DE

Date: Jun 30, 2022

MHC (SOCIAL CARE) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 £	2020 £
Turnover		2,374,236	2,218,590
Cost of sales		(104,895)	(280,374)
Gross profit		<u>2,269,341</u>	<u>1,938,216</u>
Administrative expenses		(2,264,341)	(1,934,057)
Profit before tax		<u>5,000</u>	<u>4,159</u>
Tax on profit	4	-	-
Profit for the financial year		<u><u>5,000</u></u>	<u><u>4,159</u></u>

There was no other comprehensive income for 2021 (2020 - £NIL).

The notes on pages 9 to 15 form part of these financial statements.

MHC (SOCIAL CARE) LIMITED
REGISTERED NUMBER: 11042576

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021


	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investments	5		109		109
Current assets					
Debtors: amounts falling due within one year	6	37,369		28,482	
		<u>37,369</u>		<u>28,482</u>	
Creditors: amounts falling due within one year	7	(18,110)		(14,223)	
Net current assets			19,259		14,259
Net assets			<u>19,368</u>		<u>14,368</u>
Capital and reserves					
Called up share capital	8		209		209
Profit and loss account	9		19,159		14,159
			<u>19,368</u>		<u>14,368</u>

The Directors considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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


Niall Kelly

N Kelly
Director

Date: Jun 30, 2022

The notes on pages 9 to 15 form part of these financial statements.

MHC (SOCIAL CARE) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2019	209	10,000	10,209
Comprehensive income for the year			
Profit for the year	-	4,159	4,159
At 1 July 2020	209	14,159	14,368
Comprehensive income for the year			
Profit for the year	-	5,000	5,000
At 30 June 2021	209	19,159	19,368

The notes on pages 9 to 15 form part of these financial statements.

MHC (SOCIAL CARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

MHC (Social Care) Limited is a private company, limited by shares, domiciled and incorporated in England and Wales. The address of its registered office and principal place of business is Alexander House, Highfield Park, Llandyrnog, Denbighshire, LL16 4LU. Company number 11042576.

The Company's principal activity is the management of a group of companies engaged in the care of people with learning disabilities.

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the Company operates.

Monetary amounts in these financial statements have been rounded to the nearest £.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of MRA UK Investments Limited as at 30 June 2021 and these financial statements may be obtained from the Registrar of Companies whose address is Companies House, Crown Way, Cardiff, CF14 3UZ.

1.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the United Kingdom law and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1. Accounting policies (continued)

1.4 Going concern

The board has considered the Company's future trading and cash flow for the foreseeable future, taking into account reasonably possible changes in trading performance, and has concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. The financial statements are thus prepared on a going concern basis.

The COVID-19 health outbreak financial impact can now be assessed and it is apparent that the overall affect has not been material in determining the going concern status of the MRA group and its subsidiaries.

The group is still considered to be sufficiently agile to be prepared to respond to any adverse effects that may still arise, to minimise the impact on the financial performance of the group.

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes and is in respect of management fees.

1.6 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

1.10 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

MHC (SOCIAL CARE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. Accounting policies (continued)

1.11 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.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the Directors are required to make judgments, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no estimates and assumptions that are considered to have a significant risk of causing a material adjustment to the carrying values of assets and liabilities.

3. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	93,301	313,031
Social security costs	10,651	29,945
Cost of defined contribution scheme	1,131	5,739
	<u>105,083</u>	<u>348,715</u>

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

	2021 No.	2020 No.
Service management and care staff	<u>2</u>	<u>2</u>

Included in the wages and salaries is £85,769 (2020: £306,619) in relation to the employee cost recharge from other group companies. Directors are remunerated by another group entity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

4. Taxation**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	5,000	4,159
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	950	790
Effects of:		
Group relief	(950)	(790)
Total tax charge for the year	-	-

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

MHC (SOCIAL CARE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

5. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 July 2020	109
At 30 June 2021	<u>109</u>
Net book value	
At 30 June 2021	<u>109</u>
At 30 June 2020	<u>109</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Mental Health Care (Avalon) Limited	Alexander House, Highfield Park, Llandyrnog, Denbighshire, LL16 4LU	Ordinary	100%
Mental Health Care (Clwyd) Limited	Alexander House, Highfield Park, Llandyrnog, Denbighshire, LL16 4LU	Ordinary	100%
Mental Health Care (Community) Limited	Alexander House, Highfield Park, Llandyrnog, Denbighshire, LL16 4LU	Ordinary	100%
Mental Health Care (Highfield Park) Limited	Alexander House, Highfield Park, Llandyrnog, Denbighshire, LL16 4LU	Ordinary	100%
Mental Health Care (Rockfield) Limited	Alexander House, Highfield Park, Llandyrnog, Denbighshire, LL16 4LU	Ordinary	100%
Mental Health Care (Wirral) Limited	20 Nicholas Street, Chester, CH1 2NX	Ordinary	100%

6. Debtors

	2021 £	2020 £
Amounts owed by group undertakings	<u>37,369</u>	<u>28,482</u>

Amounts owed by group undertaking are interest free and repayable on demand.

MHC (SOCIAL CARE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

7. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	14,241	9,742
Other taxation and social security	504	504
Other creditors	-	70
Accruals and deferred income	3,365	3,907
	<u>18,110</u>	<u>14,223</u>

8. Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
209 (2020 - 209) Ordinary shares of £1 each	<u>209</u>	<u>209</u>

The Company has one class of ordinary shares which carry voting rights, but no right to fixed income.

9. Reserves**Profit and loss account**

The profit & loss account comprises accumulated profits and losses less any dividends declared by the balance sheet date.

10. 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 £1,131 (2020 - £5,539). Contributions totalling £Nil (2020 - £70) were payable to the fund at the balance sheet date and are included in creditors.

11. Related party transactions

The Company has taken advantage of the exemption in FRS 102 section 33 not to disclose transactions with other wholly owned members of the group.

No other transactions with related parties were undertaken such as are required to be disclosed under FRS102 section 33.

MHC (SOCIAL CARE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

12. Post balance sheet events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

13. Controlling party

The Company's immediate parent is Mental Health Care (UK) Limited, which is the smallest group into which the Company is consolidated.

The Company's ultimate parent undertaking is MRA UK Investments Limited, a company registered in England and Wales, and the largest group into which the Company is consolidated. As at 30 June 2021 the Company's ultimate controlling party was Mr J Adey.