

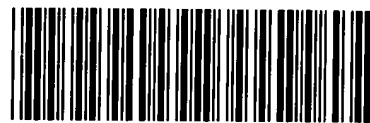
Mental Health Care (St David's) Ltd.

Registered number: 02717832

Annual report

For the year ended 30 June 2021

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MENTAL HEALTH CARE (ST DAVID'S) LTD.

COMPANY INFORMATION

Directors	N Kelly (appointed 30 November 2020) G K O'Malley (appointed 6 September 2021) S M Weir (appointed 6 September 2021)
Registered number	02717832
Registered office	Alexander House Highfield Park Llandyrnog Denbighshire LL16 4LU
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 1 St Peter Square Manchester M2 3DE
Bankers	Barclays Bank plc 3rd Floor Windsor Court 3 Windsor Place Cardiff CF10 3ZL

MENTAL HEALTH CARE (ST DAVID'S) LTD.

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MENTAL HEALTH CARE (ST DAVID'S) LTD.

**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 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;
- state whether applicable UK Accounting Standards 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 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 provision of hospital treatment for people with learning disabilities and challenging behaviour.

Directors

The Directors who served during the year were:

A Dean (resigned 16 November 2020)
R Sandick (resigned 30 November 2020)
B A MacGlashan (resigned 30 November 2020)
A Maycock (appointed 1 December 2020, resigned 1 September 2021)
N Kelly (appointed 30 November 2020)
G K O'Malley (appointed 6 September 2021)
S M Weir (appointed 6 September 2021)

MENTAL HEALTH CARE (ST DAVID'S) LTD.

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

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.

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. As restrictions are eased throughout the UK and the expectation of all COVID-Laws being removed by the end of March 2022, we will continue to follow and practice the safe measures we have put in place for the foreseeable future.

MENTAL HEALTH CARE (ST DAVID'S) LTD.

**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.

Disclosure 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 the Director are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no post balance sheet events to disclose within the financial statements.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



N Kelly
Director

Date: 13/06/22

MENTAL HEALTH CARE (ST DAVID'S) LTD.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENTAL HEALTH CARE (ST DAVID'S) LTD.

Opinion

We have audited the financial statements of Mental Health Care (St David's) Ltd. (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 notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

MENTAL HEALTH CARE (ST DAVID'S) LTD.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENTAL HEALTH CARE (ST DAVID'S) LTD.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

MENTAL HEALTH CARE (ST DAVID'S) LTD.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENTAL HEALTH CARE (ST DAVID'S) LTD.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend either to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006.

MENTAL HEALTH CARE (ST DAVID'S) LTD.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENTAL HEALTH CARE (ST DAVID'S) LTD.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the insert the cut off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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.

Neil Barton

Neil Barton (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
1 St Peter Square
Manchester
M2 3DE

Date: 13 June 2022

MENTAL HEALTH CARE (ST DAVID'S) LTD.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 £	2020 £
Turnover	3	4,698,436	4,400,187
Cost of sales		(3,795,665)	(3,715,990)
Gross profit		<u>902,771</u>	<u>684,197</u>
Administrative expenses		(1,369,955)	(1,245,417)
Other operating income	4	<u>24,490</u>	<u>24,918</u>
Operating loss	5	<u>(442,694)</u>	<u>(536,302)</u>
Tax on loss	8	<u>169,782</u>	<u>(7,251)</u>
Loss for the financial year		<u><u>(272,912)</u></u>	<u><u>(543,553)</u></u>

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

The notes on pages 11 to 21 form part of these financial statements.

MENTAL HEALTH CARE (ST DAVID'S) LTD.
REGISTERED NUMBER: 02717832

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible fixed assets	9		3,992,069		4,167,038
Current assets					
Debtors: amounts falling due within one year	10	477,473		455,991	
Cash and cash equivalents	11	10,683		9,443	
		<u>488,156</u>		<u>465,434</u>	
Creditors: amounts falling due within one year	12	(4,936,243)		(4,645,796)	
Net current liabilities			<u>(4,448,087)</u>		<u>(4,180,362)</u>
Total assets less current liabilities			<u>(456,018)</u>		<u>(13,324)</u>
Provisions for liabilities					
Deferred tax	13		55,902		(113,880)
Net liabilities			<u>(400,116)</u>		<u>(127,204)</u>
Capital and reserves					
Called up share capital	14		2		2
Profit and loss account	15		(400,118)		(127,206)
			<u>(400,116)</u>		<u>(127,204)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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


N Kelly
 Director

Date: 13/06/22

The notes on pages 11 to 21 form part of these financial statements.

MENTAL HEALTH CARE (ST DAVID'S) LTD.

**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 2020	2	(127,206)	(127,204)
Comprehensive income for the year			
Loss for the year	-	(272,912)	(272,912)
At 30 June 2021	<u>2</u>	<u>(400,118)</u>	<u>(400,116)</u>

The notes on pages 11 to 21 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2019	2	416,347	416,349
Comprehensive income for the year			
Loss for the year	-	(543,553)	(543,553)
At 30 June 2020	<u>2</u>	<u>(127,206)</u>	<u>(127,204)</u>

The notes on pages 11 to 21 form part of these financial statements.

MENTAL HEALTH CARE (ST DAVID'S) LTD.

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

1. Accounting policies

1.1 Basis of preparation of financial statements

Mental Health Care (St David's) Ltd 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 02717832.

The Company's principal activity is the provision of hospital treatment for people with learning disabilities and challenging behaviour.

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.

MENTAL HEALTH CARE (ST DAVID'S) LTD.

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

1. Accounting policies (continued)

1.3 Going concern

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.

1.4 Revenue

Turnover comprises revenue recognised for the provision of health and social care residential and in-patient services and ancillary services. Revenue is recognised exclusive of trade discounts and sales taxes. Revenue paid in advance is included in deferred income until the service is provided. Revenue in respect of services provided but not yet invoiced by the period end is included within accrued income.

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 50 years straight line
Fixtures & fittings	- 5 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.6 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.

1.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

MENTAL HEALTH CARE (ST DAVID'S) LTD.

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

1. Accounting policies (continued)

1.8 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.9 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.

1.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

MENTAL HEALTH CARE (ST DAVID'S) LTD.

**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.

1.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

1.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

MENTAL HEALTH CARE (ST DAVID'S) LTD.

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

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 judgements, 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.

Critical judgements in applying the Company's accounting policies

The critical judgements that the Directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Assessing indicators of impairment

In assessing whether there have been any indicators of impaired assets, the Directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

3. Turnover

All turnover arose within the United Kingdom.

4. Other operating income

	2021 £	2020 £
Sundry Income	24,490	24,918

5. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	204,387	205,480

MENTAL HEALTH CARE (ST DAVID'S) LTD.

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

6. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	5,125	5,000

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

7. Employees

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

	2021 No.	2020 No.
Service management and care staff	126	123

8. Taxation

	2021 £	2020 £
Deferred tax		
Origination and reversal of timing differences	(199,886)	(3,716)
Changes to tax rates	34,556	-
Adjustments in respect of prior year	(4,452)	10,967
Taxation on (loss)/profit on ordinary activities	(169,782)	7,251

MENTAL HEALTH CARE (ST DAVID'S) LTD.

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

8. Taxation (continued)**Factors affecting tax charge for the year**

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

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	(442,694)	(536,302)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(84,112)	(101,898)
Effects of:		
Expenses not deductible for tax purposes	19	-
Adjustments to tax charge in respect of prior periods	(4,452)	10,967
Deferred tax not recognised	(304,227)	(249,450)
Group relief	239,059	330,254
ARemeasurement of deferred tax for changes in tax rates	(26,853)	-
Fixed asset differences	10,784	17,378
Total tax charge for the year	(169,782)	7,251

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.

MENTAL HEALTH CARE (ST DAVID'S) LTD.

**NOTES TO THE FINANCIAL STATEMENTS
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9. Tangible fixed assets

	Freehold property £	Fixtures & fittings £	Total £
Cost or valuation			
At 1 July 2020	4,810,698	972,940	5,783,638
Additions	-	29,418	29,418
At 30 June 2021	<u>4,810,698</u>	<u>1,002,358</u>	<u>5,813,056</u>
Depreciation			
At 1 July 2020	916,904	699,696	1,616,600
Charge for the year	91,461	112,926	204,387
At 30 June 2021	<u>1,008,365</u>	<u>812,622</u>	<u>1,820,987</u>
Net book value			
At 30 June 2021	<u>3,802,333</u>	<u>189,736</u>	<u>3,992,069</u>
At 30 June 2020	<u>3,893,794</u>	<u>273,244</u>	<u>4,167,038</u>

Included in freehold property is freehold land at cost of £237,650 (2020 - £237,650), which is not depreciated.

10. Debtors

	2021 £	2020 £
Trade debtors	337,348	393,857
Amounts owed by group undertakings	79,492	-
Other debtors	4,424	18,440
Prepayments and accrued income	56,209	43,694
	<u>477,473</u>	<u>455,991</u>

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

MENTAL HEALTH CARE (ST DAVID'S) LTD.

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

11. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	10,683	9,443

12. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	95,383	49,919
Amounts owed to group undertakings (note 17)	4,387,159	4,191,109
Other taxation and social security	56,140	59,006
Other creditors	12,762	15,098
Accruals and deferred income	384,799	330,664
	4,936,243	4,645,796

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

13. Deferred taxation

	2021 £	2020 £
At beginning of year	(113,880)	(106,629)
Charged to profit or loss	169,782	(7,251)
At end of year	55,902	(113,880)

MENTAL HEALTH CARE (ST DAVID'S) LTD.

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

13. Deferred taxation (continued)

The deferred tax balance is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(141,634)	(113,880)
Tax losses carried forward	196,667	-
Short term timing differences	869	-
	<u>55,902</u>	<u>(113,880)</u>
Comprising:		
Liability	55,902	(113,880)
	<u>55,902</u>	<u>(113,880)</u>

14. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
2 (2020 - 2) Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

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

15. Reserves**Profit & loss account**

The profit & loss account comprises accumulated profits and losses less any dividends declared by the Statement of Financial Position date.

16. Pension commitments

The Company operates a defined contribution pension scheme for its employees. 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 £42,027 (2020 - £39,529). Contributions totalling £8,019 (2020 - £8,583) were payable to the fund at the Statement of Financial Position date and are included in creditors.

MENTAL HEALTH CARE (ST DAVID'S) LTD.

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

17. 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.

18. Post balance sheet events

There have been no post balance sheet events to disclose within the financial statements.

19. Ultimate parent undertaking and controlling party

The immediate parent company is MHC (Health) Limited, a Company incorporated in England and Wales.

The Company's ultimate parent undertaking is MRA UK Investments Limited, a Company registered in England and Wales, which prepares consolidated financial statements. As at 30 June 2021 the Company's ultimate controlling party was Mr M Adey.