

Mental Health Care (St David's) Limited

Registered number: 02717832

Directors' report and financial statements

For the year ended 30 June 2014

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MENTAL HEALTH CARE (ST DAVID'S) LIMITED

COMPANY INFORMATION

Directors	M Adey (resigned 4 September 2014) J Adey (appointed 4 September 2014) K Shields (appointed 4 September 2014)
Company secretary	R Pino
Registered number	02717832
Registered office	Alexander House Highfield Park Llandyrnog Denbighshire LL16 4LU
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 14th Floor The Plaza 100 Old Hall Street Liverpool L3 9QJ
Bankers	Barclays Bank plc 3rd Floor Windsor Court 3 Windsor Place Cardiff CF10 3ZL

MENTAL HEALTH CARE (ST DAVID'S) LIMITED

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MENTAL HEALTH CARE (ST DAVID'S) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2014

Business review

The company continued its principal activities throughout the current year as detailed in the directors' report.

As reported in the profit and loss account, revenue has shown a decrease of 4.5% from £3,767,719 to £3,598,677 in the current period. Profit after tax has decreased from £986,233 to £259,840. These results are principally due to increased labour costs and the refurbishment of the existing buildings. The previous year included a group write back amounting to £226,607.

Financial position at the reporting date

The balance sheet shows that the company's net assets at the year end have increased from £1,629,035 to £1,888,875. This is due to the profit made in the year.

Future development

There are no future developments planned.

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 company has mitigated this risk by developing a service that is sufficiently differentiated from the competition by means of both the behavioural model applied and the niche client group that the company's facilities care for.

The service users are principally funded by public sector sources, the company 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 a wide range of funding providers have placements within our services. The company will continue to review and amend its cost base to counteract funding changes.

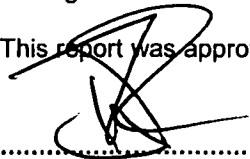
Because of the group financing arrangements, the company directors sought and received confirmation from its parent company that they will continue to provide support to the company for at least 12 months from the date of this report.

The directors have considered the MHC Group's and company's future 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 MHC 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.

Financial key performance indicators

Management monitor occupancy levels and cash balances throughout the year as key performance indicators.

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


.....
R Pino
Company secretary

Date: 13/01/15

MENTAL HEALTH CARE (ST DAVID'S) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

The directors present their report and the financial statements for the year ended 30 June 2014.

Principal activities

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

Results

The profit for the year, after taxation, amounted to £259,840 (2013 - £986,233).

Director

The director who served during the year was:

M Adey (resigned 4 September 2014)

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments 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 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 auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has 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.

MENTAL HEALTH CARE (ST DAVID'S) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

Auditor

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

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



.....
R Pino
Company secretary

Date: 13/01/15

Independent auditor's report to the members of Mental Health Care (St David's) Limited

We have audited the financial statements of Mental Health Care (St David's) Limited for the year ended 30 June 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 and express an opinion on 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 (APB's) Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its profit 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.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Gareth Hitchmough (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

14th Floor
The Plaza
100 Old Hall Street
Liverpool
L3 9QJ

19 January 2015

MENTAL HEALTH CARE (ST DAVID'S) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 £	2013 £
Turnover	1,2	3,598,677	3,767,719
Cost of sales		(2,333,970)	(1,947,957)
		<hr/>	<hr/>
Gross profit		1,264,707	1,819,762
Administrative expenses		(976,973)	(656,966)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		287,734	1,162,796
Tax on profit on ordinary activities	5	(27,894)	(176,563)
		<hr/>	<hr/>
Profit for the financial year	11	259,840	986,233
		<hr/>	<hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

The notes on pages 8 to 14 form part of these financial statements.

MENTAL HEALTH CARE (ST DAVID'S) LIMITED


Registered number: 02717832

BALANCE SHEET

AS AT 30 JUNE 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	6		3,288,395		2,699,570
Current assets					
Debtors	7	457,969		707,122	
Cash at bank and in hand		17,638		6,436	
		<u>475,607</u>		<u>713,558</u>	
Creditors: amounts falling due within one year	8	<u>(1,824,888)</u>		<u>(1,768,114)</u>	
Net current liabilities			<u>(1,349,281)</u>		<u>(1,054,556)</u>
Total assets less current liabilities			<u>1,939,114</u>		<u>1,645,014</u>
Provisions for liabilities					
Deferred tax	9		<u>(50,239)</u>		<u>(15,979)</u>
Net assets			<u>1,888,875</u>		<u>1,629,035</u>
Capital and reserves					
Called up share capital	10		2		2
Profit and loss account	11		<u>1,888,873</u>		<u>1,629,033</u>
Shareholders' funds	12		<u>1,888,875</u>		<u>1,629,035</u>

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


.....
K Shields
Director

Date: 13/01/15

The notes on pages 8 to 13 form part of these financial statements.

MENTAL HEALTH CARE (ST DAVID'S) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Going concern

Liquidity is managed on a group wide basis with the group currently not being reliant on external finance and does not expect to be so for the foreseeable future. The board has sought and received confirmation from its parent company that they will continue to provide support to the company for at least 12 months from the date of these financial statements.

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

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years straight line
Fixtures, fittings and electrical equipment	-	5 years straight line
Computer equipment	-	3 years straight line
Assets under construction	-	nil

MENTAL HEALTH CARE (ST DAVID'S) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. Accounting Policies (continued)

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.7 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. Turnover

Turnover arises wholly from the company's principal UK activity and represents amounts receivable for services provided in the normal course of business.

Turnover is recognised in the period in which the service is performed.

3. Profit

The profit is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	100,848	100,147
Auditor's remuneration	3,000	1,500
Auditor's remuneration - non-audit	901	204
	<hr/>	<hr/>

During the year, no director received any emoluments (2013 - £NIL).

MENTAL HEALTH CARE (ST DAVID'S) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

4. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	1,733,691	1,453,603
Social security costs	153,342	137,187
Other pension costs	7,750	775
	<u>1,894,783</u>	<u>1,591,565</u>

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

	2014 No.	2013 No.
Service management and care staff	<u>85</u>	<u>87</u>

5. Taxation

	2014 £	2013 £
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	3,750	119,942
	<u>3,750</u>	<u>119,942</u>
Group taxation relief	(10,116)	33,717
Total current tax	<u>(6,366)</u>	<u>153,659</u>
Deferred tax (see note 9)		
Origination and reversal of timing differences	34,260	22,904
Tax on profit on ordinary activities	<u>27,894</u>	<u>176,563</u>

MENTAL HEALTH CARE (ST DAVID'S) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

5. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 22.5% (2013 - 24%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	287,734	1,162,796
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.5% (2013 - 24%)	64,740	279,071
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,156	914
Capital allowances for year in excess of depreciation	(29,527)	(11,221)
Changes in provisions leading to an increase (decrease) in the tax charge	-	620
Other differences leading to an increase (decrease) in the tax charge	(431)	(549)
Group relief	(31,282)	(115,434)
Transfer pricing adjustments	(13,022)	258
Current tax (credit)/charge for the year (see note above)	(6,366)	153,659

Factors that may affect future tax charges

Finance Act 2013 introduced as corporation tax rate of 21% with effect from 1 April 2014. The main rate of corporation tax will be 20% with effect from 1 April 2015.

MENTAL HEALTH CARE (ST DAVID'S) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

6. Tangible fixed assets

	Freehold property £	Fixtures & fittings £	Assets under construction £	Total £
Cost				
At 1 July 2013	2,964,338	298,882	14,828	3,278,048
Additions	-	1,248	688,425	689,673
Transfer between classes	455,827	179,101	(634,928)	-
At 30 June 2014	3,420,165	479,231	68,325	3,967,721
Depreciation				
At 1 July 2013	389,692	188,786	-	578,478
Charge for the year	55,294	45,554	-	100,848
At 30 June 2014	444,986	234,340	-	679,326
Net book value				
At 30 June 2014	2,975,179	244,891	68,325	3,288,395
At 30 June 2013	2,574,646	110,096	14,828	2,699,570

Included in freehold property is freehold land at cost of £237,650 (2013 - £237,650), which is not depreciated.

7. Debtors

	2014 £	2013 £
Trade debtors	326,077	615,928
Amounts owed by group undertakings	37,556	30,753
Corporation tax repayable	36,308	-
Prepayments and accrued income	58,028	60,441
	457,969	707,122

MENTAL HEALTH CARE (ST DAVID'S) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

8. Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	69,827	78,416
Amounts owed to group undertakings	1,380,946	1,002,462
Corporation tax	-	119,942
Other taxation and social security	43,114	45,731
Group relief	-	33,717
Other creditors	19,254	220,004
Accruals and deferred income	311,747	267,842
	<u>1,824,888</u>	<u>1,768,114</u>

9. Deferred taxation

	2014 £	2013 £
At beginning of year	15,979	(6,925)
Charge for year	34,260	22,904
	<u>50,239</u>	<u>15,979</u>
At end of year		

The provision for deferred taxation is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	<u>50,239</u>	<u>15,979</u>

10. Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

11. Reserves

	Profit and loss account £
At 1 July 2013	1,629,033
Profit for the financial year	259,840
	<u>1,888,873</u>
At 30 June 2014	

MENTAL HEALTH CARE (ST DAVID'S) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

12. Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Opening shareholders' funds	1,629,035	6,353,959
Prior year adjustments		(3,588,715)
Opening shareholders' funds (as restated)		2,765,244
Profit for the financial year	259,840	986,233
Dividends (Note 13)	-	(3,000,000)
Other movements in profit and loss reserve	-	877,558
Closing shareholders' funds	1,888,875	1,629,035

The prior year adjustment was in respect of a change in the company's fixed asset accounting policy in the year ended 30 June 2013 to include properties at cost, not valuation.

The other movements above arose when the company's previous holding company, CB Care Limited, waived the intra-group loan balances due from the company.

13. Dividends

	2014 £	2013 £
Dividends paid on equity capital	-	3,000,000

14. 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 £7,750 (2013 - £775). Contributions totalling £1,292 (2013 - £2,583) were payable to the fund at the balance sheet date and are included in creditors.

15. Related party transactions

The group have taken advantage of the exemption available under Financial Reporting Standard 8 relating to the disclosure of related party transactions between group companies.

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

16. Ultimate parent undertaking and controlling party

The company's ultimate parent undertaking is Mental Health Care (UK) Limited, a company registered in England and Wales. The company's ultimate controlling party is Mr Michael Adey.