



**Mental Health Care (Plas Coch) Limited
(formerly Plas Coch Limited)**

Annual report and financial statements
for the year ended 31 March 2002

Registered number: 03335309



Directors' report

For the year ended 31 March 2002

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 March 2002.

Principal activities and business review

The principal activity of the company is the provision of residential and nursing care for people with mental disorders.

On 14 January 2002 the company changed its name to Mental Health Care (Plas Coch) Limited.

Results and dividends

The audited financial statements for the year ended 31 March 2002 are set out on pages 5 to 14.

The loss for the year after taxation was £199,971 (2001 - £62,786).

The directors cannot recommend payment of a dividend (2001 - £nil).

Directors

The directors who served during the year were as follows:

S.L. Hope-Borland

R.P. Ellis

Directors' interests

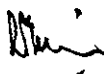
The directors do not have any interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Alexander House
Highfield Park
Llandyrnog
Denbighshire
LL16 4LU

By order of the Board,



R.P. Ellis
Director

2 July 2002

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the company's state of affairs and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which 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 1985. 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.

To the shareholder of Mental Health Care (Plas Coch) Limited

We have audited the financial statements of Mental Health Care (Plas Coch) Limited for the year ended 31 March 2002 which comprise the profit and loss account, the balance sheet, statement of accounting policies and the related notes numbered 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report and consider the implications for our report, if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2002 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

2 July 2002

Profit and loss account

For the year ended 31 March 2002

	Notes	2002 £	2001 £
Turnover	1	63,023	-
Cost of sales		<u>(108,654)</u>	<u>(5,553)</u>
Gross loss		(45,631)	(5,553)
Administrative expenses		<u>(119,351)</u>	<u>(56,812)</u>
Operating loss		(164,982)	(62,365)
Interest payable and similar charges	2	<u>(400)</u>	<u>(421)</u>
Loss on ordinary activities before taxation	3	(165,382)	(62,786)
Tax on loss on ordinary activities	5	<u>(34,589)</u>	<u>-</u>
Loss for the year		<u>(199,971)</u>	<u>(62,786)</u>

All activity has arisen from continuing operations.

There are no recognised gains or losses in either year other than the loss for that year.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

31 March 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	6	<u>955,553</u>	<u>351,219</u>
Current assets			
Debtors	7	61,826	1,709
Cash at bank and in hand		<u>819</u>	<u>312</u>
		62,645	2,021
Creditors: Amounts falling due within one year	8	<u>(1,531,769)</u>	<u>(708,369)</u>
Net current liabilities		<u>(1,469,124)</u>	<u>(706,348)</u>
Total assets less current liabilities		(513,571)	(355,129)
Creditors: Amounts falling due after more than one year	9	(6,940)	-
Provisions for liabilities and charges	10	<u>(34,589)</u>	<u>-</u>
Net liabilities	16	<u>(555,100)</u>	<u>(355,129)</u>
Capital and reserves			
Called-up share capital	11	2	2
Profit and loss account	12	<u>(555,102)</u>	<u>(355,131)</u>
Equity shareholder's deficit	13	<u>(555,100)</u>	<u>(355,129)</u>

The financial statements on pages 5 to 14 were approved by the board of directors on 2 July 2002 and signed on its behalf by:



R.P. Ellis

Director

2 July 2002

The accompanying notes are an integral part of this balance sheet.

Statement of accounting policies

31 March 2002

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year except for the policy on deferred tax which has been changed to comply with Financial Reporting Standard 19, however this did not lead to a material impact in the current or prior year.

Basis of accounting

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

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, over its expected useful life, as follows:

Freehold buildings	- 2% per annum on cost
Fixtures and fittings	- 20% per annum on cost
Motor vehicles	- 20% per annum on cost
Computer equipment	- 33% per annum on cost

Residual value is calculated on prices prevailing at the date of acquisition.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Statement of accounting policies (continued)

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of VAT.

Cash flow statement

As permitted by Financial Reporting Standard No. 1 (revised) the company has not produced a cash flow statement as it is a wholly owned subsidiary undertaking of Mental Health Care (UK) Limited, a company registered in England and Wales, which has produced a group cash flow statement in its financial statements.

Notes to the financial statements

31 March 2002

1 Turnover

Turnover arises wholly from the company's principal UK activity.

2 Interest payable and similar charges

	2002 £	2001 £
Bank loans and overdrafts	14	15
Finance leases and hire purchase contracts	386	406
	<u>400</u>	<u>421</u>

3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2002 £	2001 £
Depreciation and amounts written off tangible fixed assets		
- owned	40,960	17,734
- held under finance leases and hire purchase contracts	2,500	3,878
Auditors' remuneration		
- audit services	617	588
Operating lease rentals		
- plant and machinery	2,044	3,501
	<u>2,044</u>	<u>3,501</u>

4 Staff costs

The average monthly number of employees (including executive directors) was:

	2002 Number	2001 Number
Managers and care staff	18	-
Administration and property maintenance	5	1
	<u>23</u>	<u>1</u>

	2002 £	2001 £
Their aggregate remuneration comprised:		
Wages and salaries	69,741	4,672
Social security costs	5,734	54
	<u>75,475</u>	<u>4,726</u>

The directors did not receive any remuneration in the year (2001 - £Nil).

Notes to the financial statements (continued)

5 Tax on loss on ordinary activities

a) The tax charge comprises:

	2002 £	2001 £
Current tax		
UK corporation tax	-	-
Deferred tax		
Origination and reversal of timing differences	34,589	-
Total deferred tax (see note 10)	34,589	-
Total tax on loss on ordinary activities	34,589	-

b) The differences between the total current tax shown above and the amount calculated by applying the effective rate of UK corporation tax to the loss before tax is as follows:

	2002 £
Loss on ordinary activities before tax	(165,382)
Tax on loss on ordinary activities at standard UK corporation tax rate of 30%	(49,615)
<i>Effects of:</i>	
Group relief surrendered to fellow subsidiary companies	69,188
Capital allowances in excess of depreciation	(34,823)
Permanent difference on depreciation on non-taxable assets	15,250
Current tax charge for period (note 5(a))	-

Notes to the financial statements (continued)

6 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2001	366,246	51,938	19,387	437,571
Additions	198,373	432,245	13,260	643,878
Intra-group transfers	-	6,717	-	6,717
At 31 March 2002	564,619	490,900	32,647	1,088,166
Depreciation				
At 1 April 2001	29,292	41,551	15,509	86,352
Charge for the year	12,188	26,510	4,762	43,460
Intra-group transfers	-	2,801	-	2,801
At 31 March 2002	41,480	70,862	20,271	132,613
Net book value				
At 31 March 2001	336,954	10,387	3,878	351,219
At 31 March 2002	523,139	420,038	12,376	955,553

Assets held under finance lease or similar agreements included in the above:

Net book value				
At 31 March 2001	-	-	3,878	3,878
At 31 March 2002	-	-	12,376	12,376

7 Debtors

	2002 £	2001 £
Amounts falling due within one year :		
Trade debtors	49,037	-
Amounts owed by group undertakings	450	-
Prepayments and accrued income	12,339	1,709
	61,826	1,709

Notes to the financial statements (continued)

8 Creditors: Amounts falling due within one year

	2002 £	2001 £
Obligations under finance leases and hire purchase contracts	3,792	1,691
Bank loans and overdrafts (see note 15)	1,392,155	377,088
Trade creditors	55,266	4,748
Amounts owed to group undertakings	36,807	321,711
Other taxation and social security	7,994	-
Accruals and deferred income	35,755	3,131
	<u>1,531,769</u>	<u>708,369</u>

9 Creditors: Amounts falling due after more than one year

	2002 £	2001 £
Obligations under finance leases and hire purchase contracts	<u>6,940</u>	<u>-</u>

The total obligations under finance leases and hire purchase contracts comprise:

	2002 £	2001 £
Amounts payable		
Within one year	3,792	1,691
Between one and two years	4,071	-
Between two and five years	2,869	-
	<u>10,732</u>	<u>1,691</u>

10 Provisions for liabilities and charges

	Deferred taxation £
At 1 April 2001	-
Charged to the profit and loss account	<u>34,589</u>
At 31 March 2002	<u>34,589</u>

Notes to the financial statements (continued)

10 Provisions for liabilities and charges (continued)

Deferred tax is provided as follows:

	2002 £	2001 £
Accelerated capital allowances	<u>34,589</u>	<u>-</u>

11 Called-up share capital

	2002 £	2001 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called-up and fully-paid</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

12 Reserves

	Profit and loss account £
Deficit at 1 April 2001	(355,131)
Retained loss for the year	<u>(199,971)</u>
Deficit at 31 March 2002	<u>(555,102)</u>

13 Reconciliation of movements in equity shareholder's funds

	2002 £	2001 £
Loss for the financial year	(199,971)	(62,786)
Opening equity shareholder's deficit	<u>(355,129)</u>	<u>(292,343)</u>
Closing equity shareholder's deficit	<u>(555,100)</u>	<u>(355,129)</u>

Notes to the financial statements (continued)

14 Financial commitments

There were no contracted capital commitments at 31 March 2002 (2001 - £nil).

Annual commitments under non-cancellable operating leases are as follows:

	2002 Other £	2001 Other £
Expiry date		
- within one year	2,044	-
- between two and five years	-	3,501
	<u>2,044</u>	<u>3,501</u>

15 Contingent liabilities

The company has entered into an unlimited cross guarantee with both its ultimate parent undertaking and fellow subsidiary undertakings. The extent of bank borrowings covered by the cross guarantee at 31 March 2002 was £3,207,852 (2001 - £3,480,813). The bank overdraft is secured by a fixed and floating charge over certain assets of the group.

16 Net liabilities

Under Section 123 of the Insolvency Act 1986 any creditor of the company could petition for it to be wound up on the grounds that it has net liabilities of £555,100 at the year end. However, the directors have drawn up the financial statements on the going concern basis because they have received confirmation from Mental Health Care (UK) Limited, the parent company, that it will provide such financial support as is necessary to enable the company to meet its liabilities as they fall due.

17 Ultimate controlling party

The company is a wholly owned subsidiary of Mental Health Care (UK) Limited, a company registered in England and Wales. Mental Health (UK) Limited is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the group financial statements of Mental Health Care (UK) Limited, will be delivered to, and will be available from the Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ.

As a subsidiary undertaking of Mental Health Care (UK) Limited the company has taken advantage of the exemption in Financial Reporting Standard No. 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Mental Health Care (UK) Limited.