



Financial statements Alpha Hospitals (NW) Limited

For the Year Ended 31 March 2010

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COMPANIES HOUSE

Company No. 04059699

Officers and professional advisers

Company registration number

04059699

Registered office

1 Vincent Square
Victoria
London
SW1P 2PN

Directors

P Hodgkinson
B Choudhrie

Secretary

S Pudaruth

Auditor

Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
No 1 Whitehall Riverside
Leeds
LS1 4BN

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2010

Principal activities and business review

Alpha Hospitals (NW) Limited provides specialist secure psychiatric care for adults at hospital facilities at Alpha Hospital Bury in Bury, Lancashire and Alpha Hospital Sheffield in Sheffield, South Yorkshire. The company operates 159 registered beds across these two sites.

Both hospital facilities are registered as Independent Hospitals and operate within a highly regulated environment. Throughout the year both hospitals were subject to rigorous annual inspections by the Care Quality Commission and the directors are very pleased with the results of these inspections.

Following on from a period of sustained organic growth, through the development of 78 new beds in Bury and 30 new beds in Sheffield over the previous three, this last year has focussed on consolidating our competitive position, strengthening our relationship with the NHS and increasing occupancy levels.

The relative success of this has been reflected in an increase in turnover of 17.7% and an improvement in occupancy levels across the group. The directors are pleased to report that this growth in turnover has led to an increase in operating profits, which continue to be re-invested in the funding of capital projects and operational improvements.

In the last 12 months we have had further success in securing planning permission for additional hospital facilities at both Alpha Hospital Bury and Alpha Hospital Sheffield. We are currently constructing a new facility at Alpha Hospital Bury and anticipate this being registered by March 2011.

Results and dividends

The profit for the year, after taxation, amounted to £4,550,998 (2009 - £1,869,998). The directors have not recommended a dividend.

Financial risk management objectives and policies

The Company uses various financial instruments that include cash and working capital items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's new build hospital development program and day-to-day operations.

The Company's policy is to finance its new build development program through an appropriate mix of long-term debt and equity finance. Day-to-day operations are financed through a combination of cash resources and working capital.

The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below.

The main risks arising from the Company's financial instruments are cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Interest rate risk

The Company finances its operations through a mixture of retained profits and bank borrowings. The Company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Liquidity risk

The Company manages financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest surplus cash safely and profitably.

Credit risk

In order to manage credit risk, the directors set working capital targets including debtor days. Outstanding balances are reviewed by the credit controller on a regular basis, in conjunction with debt ageing, and the Company operates a robust collection procedure.

Directors

The directors who served the company during the year were as follows:

P Hodgkinson
B Choudhrie

During the financial year, qualifying third party indemnity provision for the benefit of all of the directors was in force.

Directors' responsibilities

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

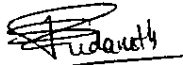
Employee involvement

During the year, the policy of providing employees with information about the Company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD



S Pudaruth

Secretary
25/8/10



Report of the independent auditor to the members of Alpha Hospitals (NW) Limited

We have audited the financial statements of Alpha Hospitals (NW) Limited for the year ended 31 March 2010. 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).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 to 5, 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 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 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 other matters prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the independent auditor to the members of Alpha Hospitals (NW) Limited (continued)

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

TIMOTHY LINCOLN (Senior Statutory Auditor)

For and on behalf of

GRANT THORNTON UK LLP

STATUTORY AUDITOR

CHARTERED ACCOUNTANTS



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Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards

The principal accounting policies of the company have remained unchanged from the previous period and are set out below

Cash flow statement

Being a wholly owned subsidiary of Alpha Hospitals Limited, the company is exempt under FRS1 (revised) from publishing a cash flow statement. The cash flows are included in the consolidated cash flow statement of C&C Alpha Healthcare Group Limited

Turnover

Turnover is the revenue arising from the sales of services. It is stated at the fair value of consideration receivable, net of value added tax, rebates and discounts

Revenue from services provided by the company is recognised when the company has performed its obligations and in exchange obtained the right to consideration

Fixed assets

Tangible fixed assets are stated at cost or valuation

Depreciation

Depreciation is calculated so as to write off the cost or revaluation of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Property	-	2% straight line basis
Leasehold Property	-	Straight line over the term of the lease
Fixtures & Fittings	-	25% - 33% straight line basis
Motor Vehicles	-	33% straight line basis

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2010 £	2009 £
Turnover	1	31,200,673	26,512,011
Cost of sales		17,508,668	15,094,600
Gross profit		13,692,005	11,417,411
Other operating charges	2	5,555,672	6,904,958
Other operating income	3	—	(580,000)
Operating profit	4	8,136,333	5,092,453
Interest payable and similar charges	6	1,387,756	1,973,072
Profit on ordinary activities before taxation		6,748,577	3,119,381
Tax on profit on ordinary activities	7	2,197,579	1,250,000
Profit for the financial year	17	4,550,998	1,869,381

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	8	<u>65,564,603</u>	<u>64,045,052</u>
Current assets			
Debtors	9	<u>1,681,960</u>	<u>1,415,979</u>
Cash at bank and in hand		<u>2,265,488</u>	<u>2,166,466</u>
		<u>3,947,448</u>	<u>3,582,445</u>
Creditors amounts falling due within one year	10	<u>22,544,524</u>	<u>25,259,437</u>
Net current liabilities		<u>(18,597,076)</u>	<u>(21,676,992)</u>
Total assets less current liabilities		<u>46,967,527</u>	<u>42,368,060</u>
Creditors amounts falling due after more than one year	11	<u>33,815</u>	<u>54,346</u>
Provisions for liabilities			
Deferred taxation	13	<u>863,000</u>	<u>794,000</u>
		<u>46,070,712</u>	<u>41,519,714</u>
Capital and reserves			
Called-up equity share capital	16	<u>1,000</u>	<u>1,000</u>
Share premium account	17	<u>815,967</u>	<u>815,967</u>
Revaluation reserve	17	<u>37,940,067</u>	<u>38,562,377</u>
Profit and loss account	17	<u>7,313,678</u>	<u>2,140,370</u>
Shareholders' funds	18	<u>46,070,712</u>	<u>41,519,714</u>

These financial statements were approved by the directors and authorised for issue on 25/8/10, and are signed on their behalf by



P Hodgkinson
 Director

Company Registration Number 04059699

Other primary statements

Note of historical cost profits and losses

	2010 £	2009 £
Profit on ordinary activities before taxation	6,748,577	3,119,381
Difference between historical cost depreciation charge and the actual charge calculated on the revalued amount	622,310	717,854
Historical cost profit on ordinary activities before taxation	<u>7,370,887</u>	<u>3,837,235</u>
Historical cost profit for the year after taxation	<u>5,173,308</u>	<u>2,587,235</u>

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company
 An analysis of turnover is given below

	2010 £	2009 £
United Kingdom	<u>31,200,673</u>	<u>26,512,011</u>

2 Other operating charges

	2010 £	2009 £
Administrative expenses	<u>5,555,672</u>	<u>6,904,958</u>

3 Other operating income

	2010 £	2009 £
Other operating income	<u>-</u>	<u>580,000</u>

4 Operating profit

Operating profit is stated after charging:

	2010 £	2009 £
Depreciation of owned fixed assets	1,358,591	1,339,176
Depreciation of assets held under hire purchase agreements	80,159	85,501
Auditor's remuneration - audit of the financial statements	<u>14,500</u>	<u>14,000</u>
Auditor's remuneration - other fees		
- Taxation services	<u>3,250</u>	<u>3,250</u>

5 Particulars of employees particulars of employees and directors

The average number of staff employed by the company during the financial year amounted to

	2010 No	2009 No
Administration	183	165
Nursing staff	412	345
	<u>595</u>	<u>510</u>

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	14,833,619	13,226,351
Social security costs	1,184,232	1,010,322
Other pension costs	103,060	91,508
	<u>16,120,911</u>	<u>14,328,181</u>

No directors were remunerated by the company during the year (2009 £nil) and no directors participated in money purchase pension schemes (2009 none)

6 Interest payable and similar charges

	2010 £	2009 £
Finance charges payable under hire purchase agreements	22,790	21,412
Interest payable to parent company	1,364,966	1,951,660
	<u>1,387,756</u>	<u>1,973,072</u>

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2010 £	2009 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2009 - 28%)	2,127,400	825,000
Over/under provision in prior year	1,179	-
Total current tax	<u>2,128,579</u>	<u>825,000</u>
Deferred tax		
Origination and reversal of timing differences	69,000	425,000
Tax on profit on ordinary activities	<u>2,197,579</u>	<u>1,250,000</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2009 - 28%)

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>6,748,577</u>	<u>3,119,381</u>
Profit on ordinary activities by rate of tax	1,889,602	873,427
Expenses not deductible for tax purposes	307,015	300,254
Capital allowances for period in excess of depreciation	(70,729)	(80,978)
Utilisation of tax losses	-	(267,703)
Adjustments to tax charge in respect of previous periods	1,179	-
Other timing differences	1,512	-
Total current tax (note 7(a))	<u>2,128,579</u>	<u>825,000</u>

8 Tangible fixed assets

	Freehold Property £	Leasehold Property £	Assets under construc- tion £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or valuation						
At 1 Apr 2009	52,884,142	11,395,014	–	1,177,484	14,400	65,471,040
Additions	122,821	99,825	2,458,858	256,414	24,041	2,961,959
Disposals	–	–	–	(5,157)	(14,400)	(19,557)
At 31 Mar 2010	<u>53,006,963</u>	<u>11,494,839</u>	<u>2,458,858</u>	<u>1,428,741</u>	<u>24,041</u>	<u>68,413,442</u>
Depreciation						
At 1 Apr 2009	977,723	137,172	–	296,693	14,400	1,425,988
Charge for the year	997,260	137,477	–	298,003	6,010	1,438,750
On disposals	–	–	–	(1,499)	(14,400)	(15,899)
At 31 Mar 2010	<u>1,974,983</u>	<u>274,649</u>	<u>–</u>	<u>593,197</u>	<u>6,010</u>	<u>2,848,839</u>
Net book value						
At 31 Mar 2010	<u>51,031,980</u>	<u>11,220,190</u>	<u>2,458,858</u>	<u>835,544</u>	<u>18,031</u>	<u>65,564,603</u>
At 31 Mar 2009	<u>51,906,419</u>	<u>11,257,842</u>	<u>–</u>	<u>880,791</u>	<u>–</u>	<u>64,045,052</u>

Included within the net book value of £65,564,603 is £80,472 (2009 - £147,364) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £80,159 (2009 £85,501).

The freehold and leasehold property were revalued on 26 March 2008 at open market value by Christie & Co Surveyors. The effect of this revaluation has been to increase the depreciation charge in the period by £622,310 (2009 £717,854).

If land and buildings had not been revalued, they would have been included on the historical cost basis at the following amounts:

	2010 £	2009 £
Cost	13,245,799	13,023,153
Accumulated depreciation	(1,492,895)	(980,468)
	<u>11,752,904</u>	<u>12,042,685</u>

9 Debtors

	2010 £	2009 £
Trade debtors	1,486,751	1,202,084
Other debtors	91,490	63,742
Prepayments and accrued income	103,719	150,153
	<u>1,681,960</u>	<u>1,415,979</u>

10 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	674,576	537,593
Amounts owed to group undertakings	18,702,296	23,745,187
Corporation tax	2,128,579	—
Other taxation and social security	397,306	339,341
Amounts due under hire purchase agreements	50,119	79,713
Other creditors	—	2,374
Accruals and deferred income	591,648	555,229
	<u>22,544,524</u>	<u>25,259,437</u>

The amounts owed to group undertakings are repayable on demand

11 Creditors: amounts falling due after more than one year

	2010 £	2009 £
Amounts due under hire purchase agreements	<u>33,815</u>	<u>54,346</u>

12 Commitments under hire purchase agreements

Future commitments under hire purchase agreements net of future finance lease charges are as follows

	2010 £	2009 £
Amounts payable within 1 year	50,199	79,713
Amounts payable between 1 and 2 years	33,815	54,346
	<u>84,014</u>	<u>134,059</u>
Hire purchase agreements are analysed as follows		
Current obligations	50,119	79,713
Non-current obligations	33,815	54,346
	<u>83,934</u>	<u>134,059</u>

13 Deferred taxation

The movement in the deferred taxation provision during the year was

	2010 £	2009 £
Provision brought forward	794,000	369,000
Profit and loss account movement arising during the year	69,000	425,000
Provision carried forward	<u>863,000</u>	<u>794,000</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2010 £	2009 £
Excess of taxation allowances over depreciation on fixed assets	866,000	794,000
Other timing differences	(3,000)	-
	<u>863,000</u>	<u>794,000</u>

14 Contingencies

There were no contingent liabilities at 31 March 2010 or 31 March 2009

15 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related Party Disclosures", as it is a 100% owned subsidiary and so has not disclosed transactions with group undertakings

16 Share capital

Authorised share capital

	2010 £	2009 £
100,000 Ordinary shares of £0.01 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid

	2010		2009	
	No	£	No	£
100,000 Ordinary shares of £0.01 each	<u>100,000</u>	<u>1,000</u>	<u>100,000</u>	<u>1,000</u>

17 Reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 April 2009	815,967	38,562,377	2,140,370
Profit for the year	—	—	4,550,998
Other movements - transfer to/from revaluation reserve	—	(622,310)	622,310
At 31 March 2010	<u>815,967</u>	<u>37,940,067</u>	<u>7,313,678</u>

18 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial year	4,550,998	1,869,381
Transfer from revaluation reserve	622,310	699,984
Transfer to profit and loss account	(622,310)	(699,984)
Net addition to shareholders' funds	<u>4,550,998</u>	<u>1,869,381</u>
Opening shareholders' funds	41,519,714	39,650,333
Closing shareholders' funds	<u>46,070,712</u>	<u>41,519,714</u>

19 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £6,941,142 (2009 - £Nil)

20 Ultimate parent company

The company's ultimate parent undertaking at the balance sheet date is Harberry Investments Limited, a company registered in the British Virgin Islands

The parent of the largest group for which group accounts including Alpha Hospitals (NW) Limited are drawn up is C & C Alpha Group Limited, a company incorporated in England

The parent of the smallest group for which group accounts including Alpha Hospitals (NW) Limited are drawn up is Alpha Hospitals Limited, a company incorporated in England

Copies of the accounts of C & C Alpha Group Limited and Alpha Hospitals Limited are available from 1 Vincent Square, Victoria, London, SW1P 2PN