Grant Thornton

Financial statements Alpha Hospitals Limited

For the Year Ended 31 March 2010

Company No. 4590303

Officers and professional advisers

Company registration number	4590303
Registered office	1 Vincent Square Victoria London SW1P 2PN
Directors	B Choudhrie D Choudhrie Lord Hameed of Hampstead P Hodgkinson A Karandawala S Kapur D Choudhrie
Secretary	S Pudaruth
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor No 1 Whitehall Riverside Leeds LS1 4BN

Contents

Report of the directors

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

Principal activities and business review

Alpha Hospitals provides specialist secure psychiatric care for adults and young people Specialist services include Forensic Services for Deaf Men and Women, Medium and Low Secure Services for Men and Women and Secure Services for Young People The Group operates 217 beds in strategic locations across the country

All hospital facilities are registered as Independent Hospitals and operate within a highly regulated environment Throughout the year all 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 160 new hospital beds across the group in the previous three years, 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 18 4% 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 all sites across the group 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 £1,826,100 (2009 - loss of £1,795,250) The directors have not recommended a dividend

Principal risks and uncertainties

The management of the business and the nature of the group's strategy are subject to a number of risks

The directors have set out below the principal risks facing the business

The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below Where possible, processes are in place to monitor and mitigate such risks

High proportion of fixed overheads and variable revenues

A large proportion of the group's overheads are fixed There is the risk that any significant changes in revenue may lead to the inability to cover such costs

Management closely monitor fixed overheads against budget on a monthly basis and cost saving exercises are implemented when there is an anticipated decline in revenues

Competition

The market in which the group operates is highly competitive As a result there is constant downward pressure on margins and the additional risk of being unable to meet customers expectations Policies of constant price monitoring and ongoing market research are in place to mitigate such risks

Regulatory Environment

We operate in an highly regulated environment and requirements are increasing year on year to meet minimum standards Changes in regulation could impact investment requirements in the physical environment in which we operate and the policy and procedure we use to govern our day to day operations

We mitigate this risk by investing in state of the art facilities that are built to meet and exceed minimum standards at the point of registration We also have a dedicated management programme that reviews and updates all policy and procedure on a regular basis

Financial risk management objectives and policies

The group uses various financial instruments that include loans, 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 group'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 group'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 group finances its operations through a mixture of retained profits and bank borrowings The group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities

Liquidity risk
The group 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 group operates a robust collection procedure

Directors

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

B Choudhrie
D Choudhrie
Lord Hameed of Hampstead
P Hodgkinson
A Karandawala
C Thomas
S Kapur
D Choudhrie

C Thomas resigned as a director on 8 April 2009

During the financial year, qualifying third party indemnity provision for the benefit of all 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 the group and of the profit or loss of the group for that year 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 group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group 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 group'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 group 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 group'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 group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the group'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

Grant Thornton

Report of the independent auditor to the members of Alpha Hospitals Limited

We have audited the group and parent company financial statements ("the financial statements") of Alpha Hospitals 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 5 to 6, 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 group's and the parent 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 group's and parent company's affairs as at 31 March 2010 and of the group's 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 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

LEEDS
29/10 ......

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 accounting policies remain unchanged from the previous year

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings (see note 12) drawn up to 31 March 2010 Acquisitions of subsidiaries are dealt with by the acquisition method of accounting

Cash flow statement

As the cash flows are included in the consolidated cash flow statement of C&C Alpha Healthcare Limited, the company is exempt under FRS1 (revised) from publishing a cash flow statement

Related parties transactions

The company is a wholly owned subsidiary of Alpha Hospital Holdings Limited Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the group

Turnover

Turnover is the revenue arising from the sales of services It is stated at the fair value of the 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

Goodwill

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and amortised on a straight line basis over its estimated useful economic life of 20 years

Amortisation

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

Goodwill	-	20 years straight line basis

Fixed assets

Tangible fixed assets are stated at cost or valuation

Depreciation

Depreciation is calculated so as to write off the cost 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 (up to 50 years)
Plant & Machinery	-	25-33% straight line basis
Fixtures & Fittings	-	25-33% straight line basis
Motor Vehicles	-	33% straight line basis
Freehold improvements	-	33% straight line basis

Assets under the course of construction are not depreciated until they are utilised by the group

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

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

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

Investments

Investments are included at cost less amounts written off

Consolidated profit and loss account

	Note	2010 £	2009 £
Group turnover	1	**38,880,749**	32,845,881
Cost of sales		**23,907,241**	20,007,046
Gross profit		**14,973,508**	12,838,835
Other operating charges	2	**9,299,565**	11,859,280
Other operating income	3	**–**	(580,000)
Operating profit	4	**5,673,943**	1,559,555
Interest payable and similar charges	7	**2,021,952**	2,929,805
Profit/(loss) on ordinary activities before taxation		**3,651,991**	(1,370,250)
Tax on profit/(loss) on ordinary activities	8	**1,825,891**	425,000
Profit/(loss) for the financial year	9	**1,826,100**	(1,795,250)

All of the activities of the group are classed as continuing
The group has no recognised gains or losses other than the results for the year as set out above

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

Group balance sheet

	Note	2010 £	2009 £
Fixed assets			
Intangible assets	10	**8,574,080**	9,165,396
Tangible assets	11	**95,355,564**	93,834,714
		103,929,644	103,000,110
Current assets			
Debtors	13	**5,685,740**	3,473,385
Cash at bank and in hand		**2,750,110**	3,441,918
		8,435,850	6,915,303
Creditors. amounts falling due within one year	14	**2,665,546**	1,936,385
Net current assets		**5,770,304**	4,978,918
Total assets less current liabilities		**109,699,948**	107,979,028
Creditors amounts falling due after more than one year	15	**42,394,964**	42,569,144
Provisions for liabilities			
Deferred taxation	17	**863,000**	794,000
		66,441,984	64,615,884
Capital and reserves			
Called-up equity share capital	20	**4,738,618**	4,738,618
Share premium account	21	**13,775,502**	13,775,502
Revaluation reserve	21	**48,593,511**	49,375,012
Profit and loss account	21	**(665,647)**	(3,273,248)
Shareholders' funds	22	**66,441,984**	64,615,884

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

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

Balance sheet

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	11	**29,790,961**	29,789,662
Investments	12	**12,899,082**	12,899,082
		42,690,043	42,688,744
Current assets			
Debtors	13	**22,706,077**	25,802,593
Cash at bank		**484,622**	1,275,453
		23,190,699	27,078,046
Creditors: amounts falling due within one year	14	**951,898**	422,136
Net current assets		**22,238,801**	26,655,910
Total assets less current liabilities		**64,928,844**	69,344,654
Creditors. amounts falling due after more than one year	15	**40,232,570**	42,514,798
		24,696,274	26,829,856
Capital and reserves			
Called-up equity share capital	20	**4,738,618**	4,738,618
Share premium account	21	**13,775,502**	13,775,502
Revaluation reserve	21	**12,374,431**	12,533,622
Profit and loss account	21	**(6,192,277)**	(4,217,886)
Shareholders' funds		**24,696,274**	26,829,856

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 4590303

Other primary statements

Note of historical cost profits and losses

	2010 £	2009 £
Profit on ordinary activities before taxation	**3,651,991**	(1,370,250)
Difference between historical cost depreciation charge and the actual charge calculated on the revalued amount	**781,501**	859,176
Historical cost profit on ordinary activities before taxation	**4,433,492**	(511,074)
Historical cost profit for the year after taxation	**2,607,601**	(936,074)

Notes to the financial statements

1 Turnover

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

	2010	2009
	£	£
United Kingdom	**38,880,749**	32,845,881

2 Other operating charges

	2010	2009
	£	£
Administrative expenses	**9,299,565**	11,859,280

3 Other operating income

	2010	2009
	£	£
Other operating income	**–**	580,000

4 Operating profit

Operating profit is stated after charging

	2010	2009
	£	£
Amortisation of intangible assets	**591,316**	591,316
Depreciation of owned fixed assets	**2,053,155**	1,777,075
Depreciation of assets held under finance leases and hire purchase agreements	**80,159**	85,015
Operating lease costs		
- Other	**41,203**	52,000
Auditor's remuneration - audit of the financial statements	**17,500**	17,000
Auditor's remuneration - other fees	**20,900**	20,500

	2010	2009
	£	£
Auditor's remuneration - audit of the financial statements	**17,500**	17,000

Auditor's remuneration - other fees		
- Local statutory audit of subsidiary	**14,500**	14,000
- Taxation services	**6,400**	6,500
	20,900	20,500

5 Particulars of employees

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

	2010	2009
	No	No
Number of Nursing staff	**541**	450
Number of Administrative staff	**200**	181
	741	631

The aggregate payroll costs of the above were

	2010	2009
	£	£
Wages and salaries	**19,097,785**	16,980,726
Social security costs	**1,622,134**	1,384,632
Other pension costs	**160,559**	150,317
	20,880,478	18,515,675

6 Directors

Remuneration in respect of directors was as follows

	2010	2009
	£	£
Remuneration receivable	**287,346**	189,993
Value of company pension contributions to money purchase schemes	**25,332**	25,332
	312,678	215,325

6 Directors (continued)

Remuneration of highest paid director

	2010 £	2009 £
Total remuneration (excluding pension contributions)	287,346	189,993
Value of company pension contributions to money purchase schemes	25,332	25,332
	312,678	215,325

The number of directors who accrued benefits under company pension schemes was as follows

	2010 No	2009 No
Money purchase schemes	1	1

7 Interest payable and similar charges

	2010 £	2009 £
Interest payable on bank borrowing	–	956,733
Finance charges payable under finance leases and hire purchase agreements	22,790	21,412
Other similar charges payable	1,999,162	1,951,660
	2,021,952	2,929,805

8 Taxation on ordinary activities

(a) Analysis of charge in the year

	2010 £	2009 £
Current tax		
UK Corporation tax based on the results for the year at 28% (2009 - 28%)	1,509,400	-
(Over)/under provision in prior year	247,491	-
Total current tax	1,756,891	-
Deferred tax		
Origination and reversal of timing differences	69,000	425,000
Tax on profit/(loss) on ordinary activities	1,825,891	425,000

8 Taxation on ordinary activities (continued)

(b) Factors affectng current tax charge

The tax assessed on the profit/(loss) 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/(loss) on ordinary activities before taxation	**3,651,992**	(1,370,250)
Profit/(loss) on ordinary activities by rate of tax	**1,023,000**	(383,670)
Expenses not deductible for tax purposes	**451,891**	402,617
Capital allowances for period in excess of depreciation	**(131,000)**	(126,316)
Adjustments to tax charge in respect of previous periods	**247,000**	-
Rounding on tax charge	**(2,000)**	-
Other timing difference	**2,000**	(58,199)
Goodwill on consolidation	**166,000**	165,568
Total current tax (note 8(a))	**1,756,891**	-

9 Loss attributable to members of the parent company

The loss dealt with in the financial statements of the parent company was £2,133,582 (2009 £3,073,305)

10 Intangible fixed assets

Group	**Goodwill**
	£
Cost	
At 1 April 2009 and 31 March 2010	11,826,318
Amortisation	
At 1 April 2009	2,660,922
Charge for the year	591,316
At 31 March 2010	3,252,238
Net book value	
At 31 March 2010	**8,574,080**
At 31 March 2009	9,165,396

The goodwill relates to the acquisition of Alpha Hospitals (NW) Limited (formerly Mayflower Hospitals Limited) in a previous year

11 Tangible fixed assets

Group	Freehold property £	Leasehold Property £	Assets under construction £	Plant & machinery £	Other Assets £	Total £
Cost or valuation						
At 1 Apr 2009	82,335,840	11,395,014	–	633,782	1,333,479	95,698,115
Additions	653,609	99,825	2,458,858	165,075	280,455	3,657,822
Disposals	–	–	–	–	(19,557)	(19,557)
At 31 Mar 2010	82,989,449	11,494,839	2,458,858	798,857	1,594,377	99,336,380
Depreciation						
At 1 Apr 2009	1,298,111	137,172	–	69,827	358,291	1,863,401
Charge for the year	1,506,961	137,477	–	137,665	351,211	2,133,314
On disposals	–	–	–	–	(15,899)	(15,899)
At 31 Mar 2010	2,805,072	274,649	–	207,492	693,603	3,980,816
Net book value						
At 31 Mar 2010	**80,184,377**	**11,220,190**	**2,458,858**	**591,365**	**900,774**	**95,355,564**
At 31 Mar 2009	81,037,729	11,257,842	–	563,955	975,188	93,834,714

Included within the net book value of £95,355,564 is £80,472 (2009 - £83,192) relating to assets held under finance leases and hire purchase agreements The depreciation charged to the financial statements in the year in respect of such assets amounted to £80,159 (2009 - £85,015)

The freehold and leasehold property were revalued on 26 March 2008 at open market value by Christie & Co Surveyors

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

	Group £	Company £
Cost	**45,772,440**	18,215,064
Accumulated depreciation	**(3,555,808)**	(350,510)
Net book value at 31 March 2010	**42,216,632**	17,864,554
Net book value at 31 March 2009	**42,326,135**	17,344,382

11 Tangible fixed assets (continued)

Company

	Freehold property £	Plant & machinery £	Freehold improvements £	Total £
Cost or valuation				
At 1 April 2009	29,451,698	633,782	141,595	30,227,075
Additions	530,788	165,075	–	695,863
At 31 March 2010	29,982,486	798,857	141,595	30,922,938
Depreciation				
At 1 April 2009	320,388	69,827	47,198	437,413
Charge for the year	509,701	137,665	47,198	694,564
At 31 March 2010	830,089	207,492	94,396	1,131,977
Net book value				
At 31 March 2010	**29,152,397**	**591,365**	**47,199**	**29,790,961**
At 31 March 2009	29,131,310	563,955	94,397	29,789,662

Included within the net book value of £29,790,961 is £Nil (2009 - £83,192) relating to assets held under finance leases and hire purchase agreements The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2009 - £1,849)

12 Investments

Company

	Group companies £
Cost	
At 1 April 2009 and 31 March 2010	**12,899,082**
Net book value	
At 31 March 2010 and 31 March 2009	**12,899,082**

12 Investments (continued)

The investments in subsidiary undertakings represent the following companies

	Percentage of issued ordinary shares	Activity
Alpha Hospitals (NW) Limited	100%	Mental healthcare
Safe Spaces Limited*	100%	Dormant

* Owned via shareholding in Alpha Hospitals (NW) Limited
The above undertakings have been consolidated in the group financial statements

13 Debtors

	The group		The company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Trade debtors	**2,730,254**	1,770,131	**1,243,503**	568,047
Amounts owed by group undertakings	**2,293,934**	1,449,809	**20,996,231**	25,194,996
Corporation tax repayable	**371,688**	–	**371,688**	–
Other debtors	**112,313**	76,367	**20,823**	12,625
Prepayments and accrued income	**177,551**	177,078	**73,832**	26,925
	5,685,740	3,473,385	**22,706,077**	25,802,593

14 Creditors: amounts falling due within one year

	The group		The company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Trade creditors	**1,246,341**	741,153	**571,765**	203,560
Amounts owed to group undertakings	**23,499**	23,500	**23,500**	23,500
Amounts due under finance leases and hire purchase agreements	**54,536**	83,799	**4,417**	4,086
Other taxation and social security	**592,422**	485,447	**195,116**	146,106
Other creditors	**–**	2,373	**–**	–
Accruals and deferred income	**748,748**	600,113	**157,100**	44,884
	2,665,546	1,936,385	**951,898**	422,136

15 Creditors: amounts falling due after more than one year

	The group		The company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Amounts owed to group undertakings	**40,232,570**	42,514,798	**40,232,570**	42,514,798
Amounts due under finance leases and hire purchase agreements	**33,815**	54,346	**–**	–
Other creditors	**2,128,579**	–	**–**	–
	42,394,964	42,569,144	**40,232,570**	42,514,798

16 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements are as follows

	The group		The company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Amounts payable within 1 year	**54,616**	83,799	**4,417**	4,086
Amounts payable between 1 and 2 years	**33,815**	36,058	**-**	-
Amounts payable between 3 and 5 years	**-**	19,307	**-**	-
	88,431	139,164	**4,417**	4,086

17 Deferred taxation

The movement in the deferred taxation provision during the year was

	The group		The company	
	2010	2009	**2010**	2009
	£	£	**£**	£
Provision brought forward	**794,000**	369,000	**-**	-
Increase in provision	**69,000**	425,000	**-**	-
Provision carried forward	**863,000**	794,000	**-**	-

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

Group	**2010**		2009	
	Provided	**Unprovided**	**Provided**	**Unprovided**
	£	**£**	£	£
Excess of taxation allowances over depreciation on fixed assets	**863,000**	-	794,000	-

18 Commitments under operating leases

At 31 March 2010 the group had annual commitments under non-cancellable operating leases as set out below

The group	Land and buildings	
	2010	2009
	£	£
Operating leases which expire		
After more than 5 years	**41,203**	41,203

At 31 March 2010 the company had annual commitments under non-cancellable operating leases as set out below

The company	Land and buildings	
	2010	2009
	£	£
Operating leases which expire		
After more than 5 years	**41,203**	41,203

19 Related party transactions

In the directors' opinion, the company's ultimate parent undertaking and controlling party is Harberry Investments Limited, a company incorporated in the British Virgin Islands

The largest group of undertakings for which group accounts have been drawn up is that headed by C&C Alpha Group Limited Copies of the group accounts can be obtained at 1 Vincent Square, Victoria, London, SW1P 2PN

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related Party Disclosures", and has not disclosed transactions with other wholly owned group undertakings

During the year interest of £2,012,833 was paid direct to Bank of Scotland on behalf of C&C Alpha Healthcare Group, a company which is under the common control of Harberry Investments £38,575,589 was due to C&C Alpha Healthcare Group Limited at the year end

During the year expenses of £9,545 were recharged to Alpha Health Care Limited, a company under the common control of Harberry Investments Limited £2,293,544 was due from Alpha Healthcare Limited at the year end

At the year end the company owed £1,300,000 to Alpha Group Holdings Limited, a company under the common control of Harberry Investments Limited

The company has paid rent and service charges of £57,259 during the year to C&C Alpha Group Limited, accompany under the common control of Harberry Investments Limited No amounts were outstanding at the year end

This is the first year of accounts under the amended FRS 8 and comparative information could not be obtained

20 Share capital

Authorised share capital

	2010 £	2009 £
10,000,000 Ordinary shares of £1 each	**10,000,000**	10,000,000

Allotted, called up and fully paid

	2010 No	2010 £	2009 No	2009 £
4,738,618 Ordinary shares of £1 each	**4,738,618**	**4,738,618**	4,738,618	4,738,618

21 Reserves

Group	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 April 2009	13,775,502	49,375,012	(3,273,248)
Profit for the year	–	–	1,826,100
Other movements			
- transfer to/from revaluation reserve	–	(781,501)	781,501
At 31 March 2010	13,775,502	48,593,511	(665,647)

Company	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 April 2009	13,775,502	12,533,622	(4,217,886)
Loss for the year	–	–	(2,133,582)
Other movements			
- transfer to/from revaluation reserve	–	(159,191)	159,191
At 31 March 2010	13,775,502	12,374,431	(6,192,277)

22 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit/(loss) for the financial year	**1,826,100**	(1,795,250)
Transfer from revaluation reserve	**781,501**	859,176
Transfer to profit and loss account	**(781,501)**	(859,176)
Net addition/(reduction) to shareholders' funds	**1,826,100**	(1,795,250)
Opening shareholders' funds	**64,615,884**	66,411,134
Closing shareholders' funds	**66,441,984**	64,615,884

23 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £6,941,142 (2009 - £551,172)

This amount relates to construction work at one of the hospitals