

HMC Group Ltd
(formerly Customcare Limited)

**Directors' report and financial
statements**

Registered number 05064708

31 March 2005

REGISTRAR'S COPY



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Directors' report

The directors present their first annual report and the audited financial statements for the period from 5 March 2004 (date of incorporation) to 31 March 2005.

Principal activities and business review

The principal activity of the company is an investment holding company.

The results for the year are set out on page 4.

Directors and directors' interests

The directors who held office during the period were as follows:

JH McArdle	(appointed 5 March 2004)
MH McArdle	(appointed 1 February 2005)
Instant Companies Limited	(appointed 5 March 2004, resigned 5 March 2004)

The directors who held office at the end of the financial period had the following interest in the ordinary shares of the company according to the register of directors' interests:

	Interest at end of period	Interest at start of period
JH McArdle	50,000	-
MH McArdle	50,000	-

According to the register of directors' interests, no rights to subscribe for shares in the company were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

Political and charitable donations

The company made no political contributions during the period. Donations to UK charities amounted to £250.

Auditors

KPMG LLP were appointed as the first auditors of the company.

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board


JN Dawson
Secretary

Keel Row 12
The Watermark
Gateshead
Tyne & Wear
NE11 9SZ

10 December 2005

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

**Report of the independent auditors to the members of HMC Group Limited
(formerly Customcare Limited)**

We have audited the financial statements on pages 4 to 12.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit opinion

We conducted our audit in accordance with 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 company's circumstances, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its loss for the period from 5 March 2004 (date of incorporation) to 31 March 2005 and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

10 December 2005

Profit and loss account

for the period from 5 March 2004 to 31 March 2005

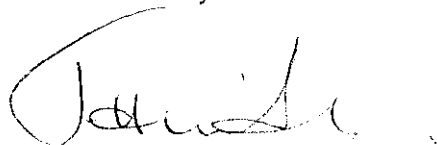
	<i>Note</i>	Period from 5 March 2004 to 31 March 2005 £
Administrative expenses		(56,150)
Operating loss		(56,150)
Interest payable and similar charges	5	(23,343)
Loss on ordinary activities before taxation	2-5	(79,493)
Tax on loss on ordinary activities	6	-
Retained loss for the period	15	(79,493)

The company had no recognised gains or losses other than the result for the period. The result for the period is wholly derived from continuing operations.

Balance sheet
at 31 March 2005

	<i>Note</i>	£	2005	£
Fixed assets				
Tangible assets	7			118,394
Investment property	8			6,388,284
Investments	9			2
				6,506,680
Current assets				
Debtors	10	5,429,999		
Cash in hand		498		
		5,430,497		
Creditors: amounts falling due within one year	11	(11,779,476)		
Net current liabilities				(6,348,979)
Total assets less current liabilities				157,701
Creditors: amounts falling due after more than one year	12			(137,194)
Net assets				20,507
Capital and reserves				
Called up share capital	14			100,000
Profit and loss account	15			(79,493)
Shareholders' funds: equity	16			20,507

The financial statements were approved by the board of directors on 10 December 2005 and were signed on its behalf by:



JH McArdle
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal annual instalments over their estimated useful economic lives as follows:

Fixtures, fittings and equipment - 10 years

Investments

In the company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

Investment properties

In accordance with Statement of Standard Accounting Practice No 19 'Investment Properties'.

1 Investment properties are revalued annually at open market values. All surpluses and deficits arising on valuation are taken directly to revaluation reserve except that any permanent diminution in value of an investment property is taken to the profit and loss account for the period; and

2 No depreciation or amortisation is provided in respect of freehold investment properties.

This treatment, as regard the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view.

Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise be shown cannot be separately identified or quantified.

Government grants

Capital based government grants are included within deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Notes (continued)

1 Accounting policies (continued)

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Loss on ordinary activities before taxation

Period from
 5 March 2004
 to 31 March 2005
 £

Loss on ordinary activities before taxation is stated

after charging

Auditors' remuneration:

Audit	3,500
Depreciation of owned tangible fixed assets	3,817

3 Remuneration of directors

The directors received no emoluments for their services to the company during the period.

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period was as follows:

Number of employees
 Period from
 5 March 2004
 to 31 March 2005

Administration	1
Directors	1
	2

The aggregate payroll costs of these persons were as follows:

Period from
 5 March 2004
 to 31 March 2005
 £

Wages and salaries	331
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Notes (continued)

5 Interest payable and similar charges

	Period from 5 March 2004 to 31 March 2005 £
On bank loans and overdrafts	23,343

6 Taxation

	Period from 5 March 2004 to 31 March 2005 £
UK corporation tax	
Current tax on income for the period	-
<i>Deferred tax (note 13)</i>	
Origination of timing differences	-
Tax on loss on ordinary activities	-

Factors affecting the tax charge for the current period

The current tax charge for the period is higher than the standard rate of corporation tax in the UK 30%. The differences are explained below:

	Period from 5 March 2004 to 31 March 2005 £
<i>Current tax reconciliation</i>	
Loss on ordinary activities before tax	(79,493)
Current tax at 30%	(23,848)
<i>Effects of:</i>	
Depreciation in excess of capital allowances	1,145
Tax losses carried forward	22,703
Total current tax charge (see above)	-

Factors that may affect future tax charges

The company has trading losses of £75,677 available for utilisation against future taxable profits.

Notes (continued)

7 Tangible fixed assets

	Fixtures, fittings and equipment £
Cost	
Additions	122,211
At end of period	122,211
Depreciation	
Charge for period	3,817
At end of period	3,817
Net book value	
At 31 March 2005	118,394

8 Investment properties

	Freehold land and buildings £
Cost and valuation	
Additions	6,388,284
At end of period	6,388,284

The investment property is included at cost which, in the opinion of the directors, is equivalent to open market value as at 31 March 2005.

9 Fixed asset investments

	2005 Shares in group undertakings £
Shares	
Cost and net book value	
Additions	2
At end of period	2

The companies in which the company's interest at the period end is more than 20% are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held
HMC Estates Limited	England	Provision and maintenance of rented accommodation	Ordinary 100%
Helen McArdle Care Limited	England	Dormant	Ordinary 100%

Notes (continued)

10 Debtors

	2005 £
Prepayments and accrued income	23,493
Amounts due from group undertakings	5,406,506
	5,429,999

11 Creditors: amounts falling due within one year

	2005 £
Bank overdraft	287,224
Trade creditors	7,593
Accruals and deferred income	515,657
Bank loan	10,969,002
	11,779,476

The bank loan is repayable on demand and subject to interest charged at 0.85% above bank base rate.

The loan is secured by a first and only legal charge over the company's freehold land and buildings, and by a director's personal guarantee.

12 Creditors: amounts falling due after more than one year

	2005 £
Other loan	137,194

The other loan represents an unsecured, interest free balance due to JH McArdle. There is no fixed repayment date.

Analysis of debt:

Debt can be analysed as falling due:

	2005 £
In one year or less, or on demand	11,256,226
In 2-5 years	137,194
	11,393,420

Notes *(continued)*

13 Provisions for liabilities and charges

	Deferred taxation £
At beginning and end of period	-
The elements of deferred taxation are as follows:	2005 £
Difference between accumulated depreciation and capital allowances	1,145
Tax losses	22,703
Deferred tax asset	23,848
Deferred tax not recognised	(23,848)
	-

There is an unrecognised deferred tax asset of £23,848 at the period end. This asset has not been recognised due to uncertainty surrounding its future recovery against taxable profits.

14 Called up share capital

	2005 £
<i>Authorised</i>	
Equity: Ordinary shares of £1 each	1,000,000
<i>Allotted, called up and fully paid</i>	
Equity: Ordinary shares of £1 each	100,000

During the period the allotted share capital of the company was increased by 100,000 £1 ordinary shares issued at par.

Notes (continued)

15 Reserves

	Profit and loss account £
At beginning of period	-
Retained loss for period	(79,493)
At end of period	(79,493)

16 Reconciliation of movements in shareholders' funds

	2005 £
Loss for the financial period	(79,493)
New share capital subscribed	100,000
Net addition to shareholders' funds	20,507
Opening shareholders' funds	-
Closing shareholders' funds	20,507

17 Related party disclosures

The company is jointly controlled by JH McArdle and MH McArdle.

At the period end a loan balance of £137,194 was due to JH McArdle. This interest free loan is unsecured, with no fixed repayment date but the director has given assurances that this will not be repayable within one year.