

**REGISTERED NUMBER: 05064708 (England and Wales)**

**Report of the Directors and  
Consolidated Financial Statements  
for the Year Ended 31 March 2012  
for  
HMC Group Limited**

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# **HMC Group Limited**

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**HMC Group Limited**  
**Company Information**  
**for the Year Ended 31 March 2012**

|                                      |                                                                                                                                  |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| <b>DIRECTORS:</b>                    | J H McArdle<br>M H McArdle                                                                                                       |
| <b>SECRETARY:</b>                    | J N Dawson                                                                                                                       |
| <b>REGISTERED OFFICE:</b>            | Keel Row 12<br>The Watermark<br>Metro Riverside<br>Gateshead<br>Tyne and Wear<br>NE11 9SZ                                        |
| <b>REGISTERED NUMBER:</b>            | 05064708 (England and Wales)                                                                                                     |
| <b>SENIOR STATUTORY<br/>AUDITOR:</b> | Antony Luckett BCom FCA DChA                                                                                                     |
| <b>AUDITORS:</b>                     | Clive Owen & Co LLP<br>Chartered Accountants<br>Statutory Auditors<br>140 Coniscliffe Road<br>Darlington<br>Co Durham<br>DL3 7RT |

**HMC Group Limited**  
**Report of the Directors**  
**for the Year Ended 31 March 2012**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2012

**PRINCIPAL ACTIVITIES**

The principal activities of the group in the year under review were those of provision and maintenance of rented accommodation, the letting and property management of a hospital, property development and providing nursing care

**REVIEW OF BUSINESS**

The Groups main activity is operating care and care homes with nursing for the elderly in North East England

The results for the Group show a pretax profit of £841,368 (2011 £485,626) for the year to 31 March 2012 Equity shareholders funds at 31 March 2012 show £757,474 (2011 deficit £83,894)

The improved performance of the Group results from an improved performance from its subsidiary Helen McArdle Care Limited Occupancies have continued to improve during the year and this has increased operating profits Two new homes opened towards the end of the financial year and no new ones are planned in the next financial year

During the year the Group developed 21 apartments for sale under the Select Living brand at Low Fell and interest in these are strong

The At Home with Helen McArdle Care business continued to make an operating loss Progress has been made and it is expected this business will be making an operating profit next year The main costs incurred by the Group relate to labour costs associated with providing the service

A large proportion of the service users are funded by Local Authorities and the Group is experiencing very little increase in the fees paid by Local Authorities despite increases in the national minimum wage and other inflationary cost pressures

**DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2012

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2011 to the date of this report

J H McArdle  
M H McArdle

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year, the group made charitable donations of £51,571 (2011 £116,133)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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**HMC Group Limited**

**Report of the Directors  
for the Year Ended 31 March 2012**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, Clive Owen & Co LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**



J N Dawson - Secretary

12 June 2012

## **Report of the Independent Auditors to the Members of HMC Group Limited**

We have audited the financial statements of HMC Group Limited for the year ended 31 March 2012 on pages five to twenty two. 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 a Report of the Auditors 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**

As explained more fully in the Statement of Directors' Responsibilities set out on pages two and three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2012 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 matter 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.

### **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.



Antony Luckett BCom FCA DChA (Senior Statutory Auditor)  
for and on behalf of Clive Owen & Co LLP  
Chartered Accountants  
Statutory Auditors  
140 Coniscliffe Road  
Darlington  
Co Durham  
DL3 7RT

12 June 2012

**HMC Group Limited**

**Consolidated Profit and Loss Account  
for the Year Ended 31 March 2012**

|                                                          | Notes | 2012<br>£             | 2011<br>£             |
|----------------------------------------------------------|-------|-----------------------|-----------------------|
| <b>TURNOVER</b>                                          |       | 20,452,482            | 16,189,366            |
| Cost of sales                                            |       | <u>10,482,383</u>     | <u>8,229,560</u>      |
| <b>GROSS PROFIT</b>                                      |       | 9,970,099             | 7,959,806             |
| Administrative expenses                                  |       | <u>8,711,883</u>      | <u>7,099,272</u>      |
| <b>OPERATING PROFIT</b>                                  | 3     | 1,258,216             | 860,534               |
| Interest receivable and similar income                   |       | <u>155,881</u>        | <u>149,844</u>        |
|                                                          |       | 1,414,097             | 1,010,378             |
| Interest payable and similar charges                     | 4     | <u>572,729</u>        | <u>524,752</u>        |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b> |       | 841,368               | 485,626               |
| Tax on profit on ordinary activities                     | 5     | <u>-</u>              | <u>-</u>              |
| <b>PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP</b>       |       | <u><u>841,368</u></u> | <u><u>485,626</u></u> |

**CONTINUING OPERATIONS**

None of the group's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The group has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

**Consolidated Balance Sheet**  
**31 March 2012**

|                                              | Notes | 2012<br>£             | 2011<br>£              |
|----------------------------------------------|-------|-----------------------|------------------------|
| <b>FIXED ASSETS</b>                          |       |                       |                        |
| Tangible assets                              | 7     | 1,858,261             | 1,737,028              |
| Investments                                  | 8     | -                     | -                      |
| Investment property                          | 9     | <u>11,039,040</u>     | <u>11,039,040</u>      |
|                                              |       | 12,897,301            | 12,776,068             |
| <b>CURRENT ASSETS</b>                        |       |                       |                        |
| Stocks                                       | 10    | 4,095,362             | 2,622,244              |
| Debtors                                      | 11    | 5,833,697             | 4,071,901              |
| Cash at bank and in hand                     |       | <u>198,408</u>        | <u>829,705</u>         |
|                                              |       | 10,127,467            | 7,523,850              |
| <b>CREDITORS</b>                             |       |                       |                        |
| Amounts falling due within one year          | 12    | <u>16,302,294</u>     | <u>13,987,812</u>      |
| <b>NET CURRENT LIABILITIES</b>               |       | <u>(6,174,827)</u>    | <u>(6,463,962)</u>     |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | 6,722,474             | 6,312,106              |
| <b>CREDITORS</b>                             |       |                       |                        |
| Amounts falling due after more than one year | 13    | <u>5,965,000</u>      | <u>6,396,000</u>       |
| <b>NET ASSETS/(LIABILITIES)</b>              |       | <u><u>757,474</u></u> | <u><u>(83,894)</u></u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                       |                        |
| Called up share capital                      | 17    | 100,000               | 100,000                |
| Revaluation reserve                          | 18    | 1,636,374             | 1,636,374              |
| Profit and loss account                      | 18    | <u>(978,900)</u>      | <u>(1,820,268)</u>     |
| <b>SHAREHOLDERS' FUNDS</b>                   | 21    | <u><u>757,474</u></u> | <u><u>(83,894)</u></u> |

The financial statements were approved by the Board of Directors on 12 June 2012 and were signed on its behalf by



M H McArdle - Director

**Company Balance Sheet**  
**31 March 2012**

|                                              | Notes | 2012<br>£          | 2011<br>£          |
|----------------------------------------------|-------|--------------------|--------------------|
| <b>FIXED ASSETS</b>                          |       |                    |                    |
| Tangible assets                              | 7     | 323,487            | 256,106            |
| Investments                                  | 8     | 2,011,894          | 2,011,893          |
| Investment property                          | 9     | <u>3,968,859</u>   | <u>3,968,859</u>   |
|                                              |       | 6,304,240          | 6,236,858          |
| <b>CURRENT ASSETS</b>                        |       |                    |                    |
| Debtors                                      | 11    | 9,377,315          | 6,746,931          |
| Cash in hand                                 |       | <u>700</u>         | <u>500</u>         |
|                                              |       | 9,378,015          | 6,747,431          |
| <b>CREDITORS</b>                             |       |                    |                    |
| Amounts falling due within one year          | 12    | <u>14,614,497</u>  | <u>13,050,686</u>  |
| <b>NET CURRENT LIABILITIES</b>               |       | <u>(5,236,482)</u> | <u>(6,303,255)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | <u>1,067,758</u>   | <u>(66,397)</u>    |
| <b>CAPITAL AND RESERVES</b>                  |       |                    |                    |
| Called up share capital                      | 17    | 100,000            | 100,000            |
| Revaluation reserve                          | 18    | 2,011,888          | 2,011,888          |
| Profit and loss account                      | 18    | <u>(1,044,130)</u> | <u>(2,178,285)</u> |
| <b>SHAREHOLDERS' FUNDS</b>                   | 21    | <u>1,067,758</u>   | <u>(66,397)</u>    |

The financial statements were approved by the Board of Directors on 12 June 2012 and were signed on its behalf by



M H McArdle - Director

**HMC Group Limited**

**Consolidated Cash Flow Statement  
for the Year Ended 31 March 2012**

|                                                            | Notes | 2012<br>£        | 2011<br>£        |
|------------------------------------------------------------|-------|------------------|------------------|
| <b>Net cash inflow<br/>from operating activities</b>       | 1     | 83,636           | 1,416,615        |
| <b>Returns on investments and<br/>servicing of finance</b> | 2     | (416,848)        | (374,908)        |
| <b>Capital expenditure</b>                                 | 2     | <u>(365,366)</u> | <u>(604,707)</u> |
|                                                            |       | (698,578)        | 437,000          |
| <b>Financing</b>                                           | 2     | <u>(18,576)</u>  | <u>155,405</u>   |
| <b>(Decrease)/increase in cash in the period</b>           |       | <u>(717,154)</u> | <u>592,405</u>   |

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**Reconciliation of net cash flow  
to movement in net debt**

|                                                 |   |                     |                     |
|-------------------------------------------------|---|---------------------|---------------------|
|                                                 | 3 |                     |                     |
| (Decrease)/increase<br>in cash in the period    |   | (717,154)           | 592,405             |
| Cash inflow<br>from increase in debt            |   | <u>(1,780,926)</u>  | <u>(155,405)</u>    |
| Change in net debt resulting<br>from cash flows |   | <u>(2,498,080)</u>  | <u>437,000</u>      |
| <b>Movement in net debt in the period</b>       |   | (2,498,080)         | 437,000             |
| <b>Net debt at 1 April</b>                      |   | <u>(18,075,829)</u> | <u>(18,512,829)</u> |
| <b>Net debt at 31 March</b>                     |   | <u>(20,573,909)</u> | <u>(18,075,829)</u> |

The notes form part of these financial statements

# HMC Group Limited

## Notes to the Consolidated Cash Flow Statement for the Year Ended 31 March 2012

### 1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

|                                                  | 2012                 | 2011                    |
|--------------------------------------------------|----------------------|-------------------------|
|                                                  | £                    | £                       |
| Operating profit                                 | 1,258,216            | 860,534                 |
| Depreciation charges                             | 246,636              | 183,663                 |
| Profit on disposal of fixed assets               | (2,501)              | (6,479)                 |
| Increase in stocks                               | (1,473,118)          | (232,282)               |
| (Increase)/decrease in debtors                   | (1,753,569)          | 928,868                 |
| Increase/(decrease) in creditors                 | <u>1,807,972</u>     | <u>(317,689)</u>        |
| <b>Net cash inflow from operating activities</b> | <b><u>83,636</u></b> | <b><u>1,416,615</u></b> |

### 2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

|                                                                             | 2012                    | 2011                    |
|-----------------------------------------------------------------------------|-------------------------|-------------------------|
|                                                                             | £                       | £                       |
| <b>Returns on investments and servicing of finance</b>                      |                         |                         |
| Interest received                                                           | 155,881                 | 149,844                 |
| Interest paid                                                               | <u>(572,729)</u>        | <u>(524,752)</u>        |
| <b>Net cash outflow for returns on investments and servicing of finance</b> | <b><u>(416,848)</u></b> | <b><u>(374,908)</u></b> |
| <b>Capital expenditure</b>                                                  |                         |                         |
| Purchase of tangible fixed assets                                           | (376,065)               | (621,207)               |
| Sale of tangible fixed assets                                               | <u>10,699</u>           | <u>16,500</u>           |
| <b>Net cash outflow for capital expenditure</b>                             | <b><u>(365,366)</u></b> | <b><u>(604,707)</u></b> |
| <b>Financing</b>                                                            |                         |                         |
| New loans in year                                                           | -                       | 155,405                 |
| Amount introduced by directors                                              | 10,345                  | 64,562                  |
| Amount withdrawn by directors                                               | <u>(28,921)</u>         | <u>(64,562)</u>         |
| <b>Net cash (outflow)/inflow from financing</b>                             | <b><u>(18,576)</u></b>  | <b><u>155,405</u></b>   |

The notes form part of these financial statements

# HMC Group Limited

## Notes to the Consolidated Cash Flow Statement for the Year Ended 31 March 2012

### 3 ANALYSIS OF CHANGES IN NET DEBT

|                                      | At 1/4/11<br>£      | Cash flow<br>£     | At<br>31/3/12<br>£  |
|--------------------------------------|---------------------|--------------------|---------------------|
| Net cash                             |                     |                    |                     |
| Cash at bank and in hand             | 829,705             | (631,297)          | 198,408             |
| Bank overdraft                       | -                   | (85,857)           | (85,857)            |
|                                      | <u>829,705</u>      | <u>(717,154)</u>   | <u>112,551</u>      |
| Debt                                 |                     |                    |                     |
| Debts falling due<br>within one year | (12,509,534)        | (2,211,926)        | (14,721,460)        |
| Debts falling due<br>after one year  | <u>(6,396,000)</u>  | <u>431,000</u>     | <u>(5,965,000)</u>  |
|                                      | <u>(18,905,534)</u> | <u>(1,780,926)</u> | <u>(20,686,460)</u> |
| Total                                | <u>(18,075,829)</u> | <u>(2,498,080)</u> | <u>(20,573,909)</u> |

The notes form part of these financial statements

## HMC Group Limited

### Notes to the Consolidated Financial Statements for the Year Ended 31 March 2012

#### 1 ACCOUNTING POLICIES

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards

##### **Turnover**

Turnover represents net invoiced sales of goods and services, excluding value added tax

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

|                       |                                           |
|-----------------------|-------------------------------------------|
| Freehold property     | - 10% on cost and 5% on cost              |
| Plant and machinery   | - 20% on cost                             |
| Fixtures and fittings | - 4 - 33% on cost                         |
| Motor vehicles        | - 25% on cost and 25% on reducing balance |
| Computer equipment    | - 20% on cost                             |

##### **Investment property**

In accordance with SSAP 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve, except where a deficit on an individual investment property is expected to be permanent in which case it is charged (or credited, where a deficit is reversed) to the profit and loss account of the period. No depreciation is provided in respect of investment properties

The Companies Act requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot be reasonably quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

##### **Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

##### **Fixed asset investments**

Shares in group undertakings are revalued to show the value of the underlying net assets where, in the opinion of the directors, such treatment is necessary in order to give a true and fair view, otherwise they are shown at cost.

##### **Leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account as incurred.

# HMC Group Limited

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2012

### 1 ACCOUNTING POLICIES - continued

#### Amounts receivable in respect of a Private Finance Initiative contract

The company has constructed a hospital which is let to the Northumbria Healthcare National Health Services Trust under a Private Finance Initiative (PFI) arrangement. In accordance with FRS5 Application Note F, the director has considered and come to the conclusion that the company does not have an asset of the physical property. Accordingly, the company has recorded an asset, being an amount due from the Trust for the fair value of the property as at the date of completion. The payments received from the Trust are split into three components, a capital repayment, which reduces the amount of the debtor carried in the balance sheet, a finance charge and an operating charge, both of which are recognised in the profit and loss account.

### 2 STAFF COSTS

|                       | 2012<br>£         | 2011<br>£        |
|-----------------------|-------------------|------------------|
| Wages and salaries    | 10,070,779        | 7,596,766        |
| Social security costs | 53,268            | 40,240           |
| Other pension costs   | 91,141            | 68,886           |
|                       | <u>10,215,188</u> | <u>7,705,892</u> |

The average monthly number of employees during the year was as follows

|                | 2012       | 2011       |
|----------------|------------|------------|
| Directors      | 1          | 1          |
| Management     | 2          | 2          |
| Administration | 15         | 15         |
| Direct         | <u>723</u> | <u>542</u> |
|                | <u>741</u> | <u>560</u> |

### 3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

|                                                            | 2012<br>£     | 2011<br>£     |
|------------------------------------------------------------|---------------|---------------|
| Depreciation - owned assets                                | 246,634       | 183,663       |
| Profit on disposal of fixed assets                         | (2,501)       | (6,479)       |
| Auditors' remuneration                                     | <u>12,238</u> | <u>12,014</u> |
| Directors' remuneration                                    | 110,833       | 116,383       |
| Directors' pension contributions to money purchase schemes | <u>17,389</u> | <u>17,389</u> |

### 4 INTEREST PAYABLE AND SIMILAR CHARGES

|               | 2012<br>£      | 2011<br>£      |
|---------------|----------------|----------------|
| Bank interest | 1,455          | 4,228          |
| Loan interest | <u>571,274</u> | <u>520,524</u> |
|               | <u>572,729</u> | <u>524,752</u> |

# HMC Group Limited

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2012

### 5 TAXATION

#### Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2012 nor for the year ended 31 March 2011

### 6 PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £1,134,155 (2011 - £(699,259) loss)

### 7 TANGIBLE FIXED ASSETS

#### Group

|                        | Freehold<br>property<br>£ | Plant and<br>machinery<br>£ | Fixtures<br>and<br>fittings<br>£ |
|------------------------|---------------------------|-----------------------------|----------------------------------|
| <b>COST</b>            |                           |                             |                                  |
| At 1 April 2011        | 1,000,870                 | 1,730                       | 824,449                          |
| Additions              | <u>68,218</u>             | <u>-</u>                    | <u>223,842</u>                   |
| At 31 March 2012       | <u>1,069,088</u>          | <u>1,730</u>                | <u>1,048,291</u>                 |
| <b>DEPRECIATION</b>    |                           |                             |                                  |
| At 1 April 2011        | 73,768                    | 1,730                       | 271,097                          |
| Charge for year        | 35,191                    | -                           | 128,475                          |
| Eliminated on disposal | <u>-</u>                  | <u>-</u>                    | <u>-</u>                         |
| At 31 March 2012       | <u>108,959</u>            | <u>1,730</u>                | <u>399,572</u>                   |
| <b>NET BOOK VALUE</b>  |                           |                             |                                  |
| At 31 March 2012       | <u>960,129</u>            | <u>-</u>                    | <u>648,719</u>                   |
| At 31 March 2011       | <u>927,102</u>            | <u>-</u>                    | <u>553,352</u>                   |

**HMC Group Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2012**

**7 TANGIBLE FIXED ASSETS - continued**

**Group**

|                        | Motor<br>vehicles<br>£ | Computer<br>equipment<br>£ | Totals<br>£      |
|------------------------|------------------------|----------------------------|------------------|
| <b>COST</b>            |                        |                            |                  |
| At 1 April 2011        | 339,128                | 1,484                      | 2,167,661        |
| Additions              | 82,806                 | 1,199                      | 376,065          |
| Disposals              | <u>(23,150)</u>        | <u>-</u>                   | <u>(23,150)</u>  |
| At 31 March 2012       | <u>398,784</u>         | <u>2,683</u>               | <u>2,520,576</u> |
| <b>DEPRECIATION</b>    |                        |                            |                  |
| At 1 April 2011        | 82,554                 | 1,484                      | 430,633          |
| Charge for year        | 82,728                 | 240                        | 246,634          |
| Eliminated on disposal | <u>(14,952)</u>        | <u>-</u>                   | <u>(14,952)</u>  |
| At 31 March 2012       | <u>150,330</u>         | <u>1,724</u>               | <u>662,315</u>   |
| <b>NET BOOK VALUE</b>  |                        |                            |                  |
| At 31 March 2012       | <u>248,454</u>         | <u>959</u>                 | <u>1,858,261</u> |
| At 31 March 2011       | <u>256,574</u>         | <u>-</u>                   | <u>1,737,028</u> |

**Company**

|                        | Freehold<br>property<br>£ | Fixtures<br>and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Totals<br>£     |
|------------------------|---------------------------|----------------------------------|------------------------|-----------------|
| <b>COST</b>            |                           |                                  |                        |                 |
| At 1 April 2011        | -                         | 363,836                          | 72,145                 | 435,981         |
| Additions              | 3,089                     | 133,000                          | 13,888                 | 149,977         |
| Disposals              | <u>-</u>                  | <u>-</u>                         | <u>(23,150)</u>        | <u>(23,150)</u> |
| At 31 March 2012       | <u>3,089</u>              | <u>496,836</u>                   | <u>62,883</u>          | <u>562,808</u>  |
| <b>DEPRECIATION</b>    |                           |                                  |                        |                 |
| At 1 April 2011        | -                         | 163,103                          | 16,772                 | 179,875         |
| Charge for year        | 136                       | 55,454                           | 18,808                 | 74,398          |
| Eliminated on disposal | <u>-</u>                  | <u>-</u>                         | <u>(14,952)</u>        | <u>(14,952)</u> |
| At 31 March 2012       | <u>136</u>                | <u>218,557</u>                   | <u>20,628</u>          | <u>239,321</u>  |
| <b>NET BOOK VALUE</b>  |                           |                                  |                        |                 |
| At 31 March 2012       | <u>2,953</u>              | <u>278,279</u>                   | <u>42,255</u>          | <u>323,487</u>  |
| At 31 March 2011       | <u>-</u>                  | <u>200,733</u>                   | <u>55,373</u>          | <u>256,106</u>  |

# HMC Group Limited

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2012

### 8 FIXED ASSET INVESTMENTS

#### Company

|                          | Shares in<br>group<br>undertakings<br>£ |
|--------------------------|-----------------------------------------|
| <b>COST OR VALUATION</b> |                                         |
| At 1 April 2011          | 2,011,893                               |
| Additions                | <u>1</u>                                |
| At 31 March 2012         | <u>2,011,894</u>                        |
| <b>NET BOOK VALUE</b>    |                                         |
| At 31 March 2012         | <u>2,011,894</u>                        |
| At 31 March 2011         | <u>2,011,893</u>                        |

Cost or valuation at 31 March 2012 is represented by

|                   | Shares in<br>group<br>undertakings<br>£ |
|-------------------|-----------------------------------------|
| Valuation in 2006 | 1,823,921                               |
| Valuation in 2007 | 187,966                                 |
| Cost              | <u>7</u>                                |
|                   | <u>2,011,894</u>                        |

If fixed asset investments had not been revalued they would have been included at the following historical cost

|      | 2012<br>£ | 2011<br>£ |
|------|-----------|-----------|
| Cost | <u>7</u>  | <u>6</u>  |

Fixed asset investments were valued on a net asset basis on 31 March 2007 by the directors

The group or the company's investments at the balance sheet date in the share capital of companies include the following

#### Subsidiaries

##### HMC Estates Limited

Nature of business Provision and maintenance of rented accommodation

|                                | %<br>holding | 2012<br>£      | 2011<br>£      |
|--------------------------------|--------------|----------------|----------------|
| Class of shares                |              |                |                |
| Ordinary                       | 100 00       |                |                |
| Aggregate capital and reserves |              | 1,773,479      | 2,949,658      |
| Profit for the year            |              | <u>323,821</u> | <u>309,449</u> |

# HMC Group Limited

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2012

### 8 FIXED ASSET INVESTMENTS - continued

#### Helen McArdle Care Limited

Nature of business Provision of nursing care

|                                | %<br>holding | 2012<br>£        | 2011<br>£      |
|--------------------------------|--------------|------------------|----------------|
| Class of shares                | 100 00       |                  |                |
| Ordinary                       |              |                  |                |
| Aggregate capital and reserves |              | (770,306)        | (1,859,774)    |
| Profit for the year            |              | <u>1,089,468</u> | <u>592,368</u> |

#### HMC Finance Limited

Nature of business SPV for the development of a healthcare project

|                                | %<br>holding | 2012<br>£      | 2011<br>£      |
|--------------------------------|--------------|----------------|----------------|
| Class of shares                | 100 00       |                |                |
| Ordinary                       |              |                |                |
| Aggregate capital and reserves |              | 356,465        | 623,840        |
| Profit for the year            |              | <u>232,625</u> | <u>173,146</u> |

#### HMC Management Limited

Nature of business Dormant

|                                | %<br>holding | 2012<br>£ | 2011<br>£ |
|--------------------------------|--------------|-----------|-----------|
| Class of shares                | 100 00       |           |           |
| Ordinary                       |              |           |           |
| Aggregate capital and reserves |              | <u>1</u>  | <u>1</u>  |

#### HMC Land Limited

Nature of business Property development

|                                | %<br>holding | 2012<br>£     | 2011<br>£      |
|--------------------------------|--------------|---------------|----------------|
| Class of shares                | 100 00       |               |                |
| Ordinary                       |              |               |                |
| Aggregate capital and reserves |              | 419,772       | 333,808        |
| Profit for the year            |              | <u>85,964</u> | <u>163,058</u> |

#### HMC Homecare Limited

Nature of business Social work without accommodation

|                                | %<br>holding | 2012<br>£       | 2011<br>£       |
|--------------------------------|--------------|-----------------|-----------------|
| Class of shares                | 100 00       |                 |                 |
| Ordinary                       |              |                 |                 |
| Aggregate capital and reserves |              | (113,034)       | (53,136)        |
| Loss for the year              |              | <u>(59,898)</u> | <u>(53,137)</u> |

# HMC Group Limited

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2012

### 8 FIXED ASSET INVESTMENTS - continued

#### Select Living Limited

Nature of business Dormant

|                                | %<br>holding |           |
|--------------------------------|--------------|-----------|
| Class of shares                | 100 00       |           |
| Ordinary                       |              | 2012<br>£ |
| Aggregate capital and reserves |              | <u>1</u>  |

### 9 INVESTMENT PROPERTY

#### Group

Total  
£

#### COST OR VALUATION

At 1 April 2011  
and 31 March 2012 11,039,040

#### NET BOOK VALUE

At 31 March 2012 11,039,040

At 31 March 2011 11,039,040

Cost or valuation at 31 March 2012 is represented by

|                   | £                 |
|-------------------|-------------------|
| Valuation in 2006 | 1,636,374         |
| Cost              | <u>9,402,666</u>  |
|                   | <u>11,039,040</u> |

If Investment Property had not been revalued it would have been included at the following historical cost

|      | 2012<br>£        | 2011<br>£        |
|------|------------------|------------------|
| Cost | <u>9,402,666</u> | <u>9,402,666</u> |

Investment property was valued on an open market basis on 31 March 2012 by the directors

#### Company

Total  
£

#### COST

At 1 April 2011  
and 31 March 2012 3,968,859

#### NET BOOK VALUE

At 31 March 2012 3,968,859

At 31 March 2011 3,968,859

**HMC Group Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2012**

**9 INVESTMENT PROPERTY - continued**

**Company**

The directors have reviewed the valuation of the investment property in accordance with SSAP 19 and believe that it represents open market value as at 31 March 2012

**10 STOCKS**

|                        | <b>Group</b>     |                  |
|------------------------|------------------|------------------|
|                        | 2012             | 2011             |
|                        | £                | £                |
| Freehold land for sale | <u>4,095,362</u> | <u>2,622,244</u> |

**11 DEBTORS**

|                                                | <b>Group</b>     |                  | <b>Company</b>   |                  |
|------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                | 2012             | 2011             | 2012             | 2011             |
|                                                | £                | £                | £                | £                |
| Amounts falling due within one year            |                  |                  |                  |                  |
| Trade debtors                                  | 1,597,410        | 912,292          | -                | -                |
| Amounts owed by group undertakings             | -                | -                | 9,328,630        | 6,336,359        |
| Amounts owed by participating interests        | -                | 379,490          | -                | 379,490          |
| Amounts receivable in respect of PFI contract  | 73,767           | 69,723           | -                | -                |
| Other debtors                                  | 42,000           | 270              | -                | -                |
| Directors' current accounts                    | 8,231            | -                | 8,231            | -                |
| VAT                                            | -                | 43               | -                | -                |
| Prepayments and accrued income                 | <u>1,639,670</u> | <u>163,697</u>   | <u>40,454</u>    | <u>31,082</u>    |
|                                                | <u>3,361,078</u> | <u>1,525,515</u> | <u>9,377,315</u> | <u>6,746,931</u> |
| Amounts falling due after more than one year   |                  |                  |                  |                  |
| Amounts receivable in respect of PFI contracts | <u>2,472,619</u> | <u>2,546,386</u> | <u>-</u>         | <u>-</u>         |
|                                                | <u>2,472,619</u> | <u>2,546,386</u> | <u>-</u>         | <u>-</u>         |
| Aggregate amounts                              | <u>5,833,697</u> | <u>4,071,901</u> | <u>9,377,315</u> | <u>6,746,931</u> |

**HMC Group Limited**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2012**

**12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                         | <b>Group</b>      |                   | <b>Company</b>    |                   |
|-----------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                         | 2012              | 2011              | 2012              | 2011              |
|                                         | £                 | £                 | £                 | £                 |
| Bank loans and overdrafts (see note 14) | 14,807,317        | 12,509,534        | 14,530,358        | 12,132,179        |
| Trade creditors                         | 157,015           | 171,366           | 13,847            | 22,916            |
| Amounts owed to group undertakings      | -                 | -                 | -                 | 743,494           |
| Social security and other taxes         | 214,831           | 315,125           | 33,930            | 30,694            |
| Other creditors                         | 827,349           | 694,396           | 3,819             | 47,346            |
| Directors' current accounts             | -                 | 44,727            | -                 | 44,727            |
| Accruals and deferred income            | 295,782           | 252,664           | 32,543            | 29,330            |
|                                         | <u>16,302,294</u> | <u>13,987,812</u> | <u>14,614,497</u> | <u>13,050,686</u> |

**13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                          | <b>Group</b>     |                  |
|--------------------------|------------------|------------------|
|                          | 2012             | 2011             |
|                          | £                | £                |
| Bank loans (see note 14) | <u>5,965,000</u> | <u>6,396,000</u> |

**14 LOANS**

An analysis of the maturity of loans is given below

|                                                  | <b>Group</b>      |                   | <b>Company</b>    |                   |
|--------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                  | 2012              | 2011              | 2012              | 2011              |
|                                                  | £                 | £                 | £                 | £                 |
| Amounts falling due within one year or on demand |                   |                   |                   |                   |
| Bank overdrafts                                  | 85,857            | -                 | 260,898           | 74,645            |
| Bank loans                                       | <u>14,721,460</u> | <u>12,509,534</u> | <u>14,269,460</u> | <u>12,057,534</u> |
|                                                  | <u>14,807,317</u> | <u>12,509,534</u> | <u>14,530,358</u> | <u>12,132,179</u> |
| Amounts falling due between one and two years    |                   |                   |                   |                   |
| Bank loans - 1-2 years                           | <u>452,000</u>    | <u>452,000</u>    | <u>-</u>          | <u>-</u>          |
| Amounts falling due between two and five years   |                   |                   |                   |                   |
| Bank loans - 2-5 years                           | <u>1,511,000</u>  | <u>956,000</u>    | <u>-</u>          | <u>-</u>          |
| Amounts falling due in more than five years      |                   |                   |                   |                   |
| Repayable by instalments                         |                   |                   |                   |                   |
| Bank loans more 5 yr by instal                   | <u>4,002,000</u>  | <u>4,988,000</u>  | <u>-</u>          | <u>-</u>          |

# HMC Group Limited

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2012

### 15 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

#### Group

|                                     | Land and buildings |                  |
|-------------------------------------|--------------------|------------------|
|                                     | 2012<br>£          | 2011<br>£        |
| Expiring<br>In more than five years | <u>4,498,880</u>   | <u>4,671,260</u> |

#### Company

|                                     | Land and buildings |               |
|-------------------------------------|--------------------|---------------|
|                                     | 2012<br>£          | 2011<br>£     |
| Expiring<br>In more than five years | <u>93,564</u>      | <u>93,564</u> |

### 16 SECURED DEBTS

The following secured debts are included within creditors

|                 | Company           |                   |
|-----------------|-------------------|-------------------|
|                 | 2012<br>£         | 2011<br>£         |
| Bank overdrafts | 260,898           | 74,645            |
| Bank loans      | <u>14,269,460</u> | <u>12,057,534</u> |
|                 | <u>14,530,358</u> | <u>12,132,179</u> |

The bank loan and overdraft are secured by a mortgage debenture dated 8 July 2005 incorporating a fixed and floating charge over the assets of the company and legal charges dated 20 April 2005 over property

### 17 CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid |          |               | 2012           | 2011           |
|---------------------------------|----------|---------------|----------------|----------------|
| Number                          | Class    | Nominal value | £              | £              |
| 100,000                         | Ordinary | £1            | <u>100,000</u> | <u>100,000</u> |

# HMC Group Limited

## Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2012

### 18 RESERVES

#### Group

|                     | Profit<br>and loss<br>account<br>£ | Revaluation<br>reserve<br>£ | Totals<br>£    |
|---------------------|------------------------------------|-----------------------------|----------------|
| At 1 April 2011     | (1,820,268)                        | 1,636,374                   | (183,894)      |
| Profit for the year | <u>841,368</u>                     |                             | <u>841,368</u> |
| At 31 March 2012    | <u>(978,900)</u>                   | <u>1,636,374</u>            | <u>657,474</u> |

#### Company

|                     | Profit<br>and loss<br>account<br>£ | Revaluation<br>reserve<br>£ | Totals<br>£      |
|---------------------|------------------------------------|-----------------------------|------------------|
| At 1 April 2011     | (2,178,285)                        | 2,011,888                   | (166,397)        |
| Profit for the year | <u>1,134,155</u>                   |                             | <u>1,134,155</u> |
| At 31 March 2012    | <u>(1,044,130)</u>                 | <u>2,011,888</u>            | <u>967,758</u>   |

### 19 TRANSACTIONS WITH DIRECTORS

The following loan to directors subsisted during the years ended 31 March 2012 and 31 March 2011

|                                      | 2012<br>£    | 2011<br>£       |
|--------------------------------------|--------------|-----------------|
| <b>M H McArdle</b>                   |              |                 |
| Balance outstanding at start of year | (44,727)     | (109,289)       |
| Amounts advanced                     | 51,779       | 64,477          |
| Amounts repaid                       | 1,179        | 85              |
| Balance outstanding at end of year   | <u>8,231</u> | <u>(44,727)</u> |

### 20 ULTIMATE CONTROLLING PARTY

The company is controlled by its directors who have a beneficial interest in 100% of the issued share capital

### 21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

#### Group

|                                     | 2012<br>£       | 2011<br>£        |
|-------------------------------------|-----------------|------------------|
| Profit for the financial year       | <u>841,368</u>  | <u>485,626</u>   |
| Net addition to shareholders' funds | 841,368         | 485,626          |
| Opening shareholders' funds         | <u>(83,894)</u> | <u>(569,520)</u> |
| Closing shareholders' funds         | <u>757,474</u>  | <u>(83,894)</u>  |

# **HMC Group Limited**

## **Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2012**

### **21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued**

#### **Company**

|                                                 | 2012             | 2011             |
|-------------------------------------------------|------------------|------------------|
|                                                 | £                | £                |
| Profit/(loss) for the financial year            | <u>1,134,155</u> | <u>(699,259)</u> |
| Net addition/(reduction) to shareholders' funds | 1,134,155        | (699,259)        |
| Opening shareholders' funds                     | <u>(66,397)</u>  | <u>632,862</u>   |
| Closing shareholders' funds                     | <u>1,067,758</u> | <u>(66,397)</u>  |