

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

**Report of the Directors and  
Consolidated Financial Statements  
for the Year Ended 31 March 2013  
for  
HMC Group Limited**

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for the Year Ended 31 March 2013**

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**HMC Group Limited**  
**Company Information**  
**for the Year Ended 31 March 2013**

|                                      |                                                                                                                                  |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| <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 |

**Report of the Directors  
for the Year Ended 31 March 2013**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2013

**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 Group's main activity continues to be the provision of Nursing and Residential care in the North East of England

The results for the Group show a pretax profit of £1,098,398 (2012 £841,368) for the year to 31 March 2013 Equity shareholders funds at 31 March 2013 show £1,737,193 (2012 £757,474)

The Group's main subsidiary, Helen McArdle Care Limited, has continued to make progress, improving occupancies during the year

Two further homes are being built for the company at Bishop Auckland and Redcar and these are due to open in the coming year

A further home in Whitley Bay is under construction, but will not open until the following financial year

The main costs incurred by the business are labour and rent Labour is affected by the National Minimum Wage and rent by increases in the Retail Price Index

A large proportion of service users are funded by Local Authorities and fee increases are very low and are likely to remain low in the forthcoming year

**DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2013

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2012 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 £107,366 (2012 £51,571)

**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,
- 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

**Report of the Directors  
for the Year Ended 31 March 2013**

**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

26 June 2013

**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 2013 on pages five to twenty three. 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 2013 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

26 June 2013

**HMC Group Limited (Registered number: 05064708)**

**Consolidated Profit and Loss Account  
for the Year Ended 31 March 2013**

|                                                          | Notes | 2013<br>£             | 2012<br>£             |
|----------------------------------------------------------|-------|-----------------------|-----------------------|
| <b>TURNOVER</b>                                          |       | 24,812,208            | 20,452,482            |
| Cost of sales                                            |       | <u>13,015,684</u>     | <u>10,482,383</u>     |
| <b>GROSS PROFIT</b>                                      |       | 11,796,524            | 9,970,099             |
| Administrative expenses                                  |       | <u>10,253,817</u>     | <u>8,711,883</u>      |
|                                                          |       | 1,542,707             | 1,258,216             |
| Other operating income                                   |       | <u>7,588</u>          | <u>-</u>              |
| <b>OPERATING PROFIT</b>                                  | 3     | 1,550,295             | 1,258,216             |
| Interest receivable and similar income                   |       | <u>141,980</u>        | <u>155,881</u>        |
|                                                          |       | 1,692,275             | 1,414,097             |
| Interest payable and similar charges                     | 4     | <u>593,877</u>        | <u>572,729</u>        |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b> |       | 1,098,398             | 841,368               |
| Tax on profit on ordinary activities                     | 5     | <u>118,679</u>        | <u>-</u>              |
| <b>PROFIT FOR THE FINANCIAL YEAR<br/>FOR THE GROUP</b>   |       | <u><u>979,719</u></u> | <u><u>841,368</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

**HMC Group Limited (Registered number. 05064708)**

**Consolidated Balance Sheet  
31 March 2013**

|                                              | Notes | 2013<br>£          | 2012<br>£          |
|----------------------------------------------|-------|--------------------|--------------------|
| <b>FIXED ASSETS</b>                          |       |                    |                    |
| Tangible assets                              | 7     | 1,919,032          | 1,858,261          |
| Investments                                  | 8     | -                  | -                  |
| Investment property                          | 9     | <u>11,497,969</u>  | <u>11,039,040</u>  |
|                                              |       | 13,417,001         | 12,897,301         |
| <b>CURRENT ASSETS</b>                        |       |                    |                    |
| Stocks                                       | 10    | 3,635,142          | 4,095,362          |
| Debtors                                      | 11    | 4,325,705          | 5,833,697          |
| Cash at bank and in hand                     |       | <u>2,753,564</u>   | <u>198,409</u>     |
|                                              |       | 10,714,411         | 10,127,468         |
| <b>CREDITORS</b>                             |       |                    |                    |
| Amounts falling due within one year          | 12    | <u>16,881,219</u>  | <u>16,302,295</u>  |
| <b>NET CURRENT LIABILITIES</b>               |       | <u>(6,166,808)</u> | <u>(6,174,827)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | 7,250,193          | 6,722,474          |
| <b>CREDITORS</b>                             |       |                    |                    |
| Amounts falling due after more than one year | 13    | <u>5,513,000</u>   | <u>5,965,000</u>   |
| <b>NET ASSETS</b>                            |       | <u>1,737,193</u>   | <u>757,474</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>819</u>         | <u>(978,900)</u>   |
| <b>SHAREHOLDERS' FUNDS</b>                   | 21    | <u>1,737,193</u>   | <u>757,474</u>     |

The financial statements were approved by the Board of Directors on 26 June 2013 and were signed on its behalf by



M H McArdle - Director

The notes form part of these financial statements

**HMC Group Limited (Registered number: 05064708)**

**Company Balance Sheet  
31 March 2013**

|                                              | Notes | 2013<br>£          | 2012<br>£          |
|----------------------------------------------|-------|--------------------|--------------------|
| <b>FIXED ASSETS</b>                          |       |                    |                    |
| Tangible assets                              | 7     | 332,127            | 323,487            |
| Investments                                  | 8     | 2,011,894          | 2,011,894          |
| Investment property                          | 9     | <u>4,427,788</u>   | <u>3,968,859</u>   |
|                                              |       | 6,771,809          | 6,304,240          |
| <b>CURRENT ASSETS</b>                        |       |                    |                    |
| Debtors                                      | 11    | 7,926,592          | 9,377,315          |
| Cash in hand                                 |       | <u>700</u>         | <u>700</u>         |
|                                              |       | 7,927,292          | 9,378,015          |
| <b>CREDITORS</b>                             |       |                    |                    |
| Amounts falling due within one year          | 12    | <u>14,594,547</u>  | <u>14,614,497</u>  |
| <b>NET CURRENT LIABILITIES</b>               |       | <u>(6,667,255)</u> | <u>(5,236,482)</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | <u>104,554</u>     | <u>1,067,758</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>(2,007,334)</u> | <u>(1,044,130)</u> |
| <b>SHAREHOLDERS' FUNDS</b>                   | 21    | <u>104,554</u>     | <u>1,067,758</u>   |

The financial statements were approved by the Board of Directors on 26 June 2013 and were signed on its behalf by



M H McArdle - Director

The notes form part of these financial statements

**HMC Group Limited (Registered number: 05064708)**

**Consolidated Cash Flow Statement  
for the Year Ended 31 March 2013**

|                                                        | Notes | 2013 |                  | 2012 |                  |
|--------------------------------------------------------|-------|------|------------------|------|------------------|
|                                                        |       | £    | £                | £    | £                |
| <b>Net cash inflow from operating activities</b>       | 1     |      | 4,309,842        |      | 83,637           |
| <b>Returns on investments and servicing of finance</b> | 2     |      | (451,897)        |      | (416,848)        |
| <b>Capital expenditure and financial investment</b>    | 2     |      | <u>(797,619)</u> |      | <u>(365,366)</u> |
|                                                        |       |      | 3,060,326        |      | (698,577)        |
| <b>Financing</b>                                       | 2     |      | <u>(419,314)</u> |      | <u>(18,576)</u>  |
| <b>Increase/(decrease) in cash in the period</b>       |       |      | <u>2,641,012</u> |      | <u>(717,153)</u> |

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

|                                                        |   |                     |                     |
|--------------------------------------------------------|---|---------------------|---------------------|
|                                                        | 3 |                     |                     |
| Increase/(decrease) in cash in the period              |   | 2,641,012           | (717,153)           |
| Cash outflow/(inflow) from decrease/(increase) in debt |   | <u>403,711</u>      | <u>(1,780,926)</u>  |
| Change in net debt resulting from cash flows           |   | <u>3,044,723</u>    | <u>(2,498,079)</u>  |
| <b>Movement in net debt in the period</b>              |   | 3,044,723           | (2,498,079)         |
| <b>Net debt at 1 April</b>                             |   | <u>(20,573,908)</u> | <u>(18,075,829)</u> |
| <b>Net debt at 31 March</b>                            |   | <u>(17,529,185)</u> | <u>(20,573,908)</u> |

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement  
for the Year Ended 31 March 2013

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

|                                                  | 2013                    | 2012                 |
|--------------------------------------------------|-------------------------|----------------------|
|                                                  | £                       | £                    |
| Operating profit                                 | 1,550,295               | 1,258,216            |
| Depreciation charges                             | 279,444                 | 246,636              |
| Profit on disposal of fixed assets               | (1,525)                 | (2,501)              |
| Decrease/(increase) in stocks                    | 460,220                 | (1,473,118)          |
| Decrease/(increase) in debtors                   | 1,523,595               | (1,753,569)          |
| Increase in creditors                            | 497,813                 | 1,807,973            |
| <b>Net cash inflow from operating activities</b> | <b><u>4,309,842</u></b> | <b><u>83,637</u></b> |

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

|                                                                             | 2013                    | 2012                    |
|-----------------------------------------------------------------------------|-------------------------|-------------------------|
|                                                                             | £                       | £                       |
| <b>Returns on investments and servicing of finance</b>                      |                         |                         |
| Interest received                                                           | 141,980                 | 155,881                 |
| Interest paid                                                               | (593,877)               | (572,729)               |
| <b>Net cash outflow for returns on investments and servicing of finance</b> | <b><u>(451,897)</u></b> | <b><u>(416,848)</u></b> |
| <b>Capital expenditure and financial investment</b>                         |                         |                         |
| Purchase of tangible fixed assets                                           | (347,890)               | (376,065)               |
| Purchase of investment property                                             | (458,929)               | -                       |
| Sale of tangible fixed assets                                               | 9,200                   | 10,699                  |
| <b>Net cash outflow for capital expenditure and financial investment</b>    | <b><u>(797,619)</u></b> | <b><u>(365,366)</u></b> |
| <b>Financing</b>                                                            |                         |                         |
| New loans in year                                                           | 48,289                  | -                       |
| Loan repayments in year                                                     | (452,000)               | -                       |
| Amount introduced by directors                                              | -                       | 10,345                  |
| Amount withdrawn by directors                                               | (15,603)                | (28,921)                |
| <b>Net cash outflow from financing</b>                                      | <b><u>(419,314)</u></b> | <b><u>(18,576)</u></b>  |

**HMC Group Limited (Registered number: 05064708)**

**Notes to the Consolidated Cash Flow Statement  
for the Year Ended 31 March 2013**

**3 ANALYSIS OF CHANGES IN NET DEBT**

|                                      | At 1/4/12<br>£      | Cash flow<br>£   | At<br>31/3/13<br>£  |
|--------------------------------------|---------------------|------------------|---------------------|
| Net cash                             |                     |                  |                     |
| Cash at bank and in hand             | 198,409             | 2,555,155        | 2,753,564           |
| Bank overdraft                       | <u>(85,857)</u>     | <u>85,857</u>    | <u>-</u>            |
|                                      | <u>112,552</u>      | <u>2,641,012</u> | <u>2,753,564</u>    |
| Debt                                 |                     |                  |                     |
| Debts falling due<br>within one year | (14,721,460)        | (48,289)         | (14,769,749)        |
| Debts falling due<br>after one year  | <u>(5,965,000)</u>  | <u>452,000</u>   | <u>(5,513,000)</u>  |
|                                      | <u>(20,686,460)</u> | <u>403,711</u>   | <u>(20,282,749)</u> |
| Total                                | <u>(20,573,908)</u> | <u>3,044,723</u> | <u>(17,529,185)</u> |

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements  
for the Year Ended 31 March 2013**

**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     | - 5% on cost and Straight line over 30 years                                                                                             |
| Plant and machinery   | - 20% on cost                                                                                                                            |
| Fixtures and fittings | - 10 - 20% on cost, 4% - 33% on cost, 25% on cost, 20% on cost, straight line over 5 years, straight line over 3 years and over 10 years |
| Motor vehicles        | - 25% on cost, 25% on reducing balance and Straight line over 5 years                                                                    |
| 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

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

**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

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2013

## 1 ACCOUNTING POLICIES - continued

**Amounts receivable in respect of a private finance initiative contract**

The group 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 directors have considered and come to the conclusion that the group does not have an asset of the physical property. Accordingly, the group 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

|                       | 2013              | 2012              |
|-----------------------|-------------------|-------------------|
|                       | £                 | £                 |
| Wages and salaries    | 11,356,255        | 9,485,582         |
| Social security costs | 725,802           | 638,465           |
| Other pension costs   | 108,279           | 91,141            |
|                       | <u>12,190,336</u> | <u>10,215,188</u> |

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

|                | 2013       | 2012       |
|----------------|------------|------------|
| Directors      | 2          | 1          |
| Management     | 2          | 2          |
| Administration | 18         | 15         |
| Direct         | <u>846</u> | <u>723</u> |
|                | <u>868</u> | <u>741</u> |

## 3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

|                                                            | 2013          | 2012          |
|------------------------------------------------------------|---------------|---------------|
|                                                            | £             | £             |
| Other operating leases                                     | 6,295,424     | 5,378,122     |
| Depreciation - owned assets                                | 279,444       | 246,634       |
| Profit on disposal of fixed assets                         | (1,525)       | (2,501)       |
| Auditors' remuneration                                     | <u>12,901</u> | <u>12,238</u> |
| Directors' remuneration                                    | 130,863       | 110,833       |
| Directors' pension contributions to money purchase schemes | <u>17,389</u> | <u>17,389</u> |

## 4 INTEREST PAYABLE AND SIMILAR CHARGES

|               | 2013           | 2012           |
|---------------|----------------|----------------|
|               | £              | £              |
| Bank interest | 2,018          | 1,455          |
| Loan interest | <u>591,859</u> | <u>571,274</u> |
|               | <u>593,877</u> | <u>572,729</u> |

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2013

## 5 TAXATION

## Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

|                                      | 2013<br>£      | 2012<br>£ |
|--------------------------------------|----------------|-----------|
| Current tax                          |                |           |
| UK corporation tax                   | <u>118,679</u> | <u>-</u>  |
| Tax on profit on ordinary activities | <u>118,679</u> | <u>-</u>  |

## 6 LOSS 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 loss for the financial year was £(963,204) (2012 - £1,134,155 profit)

## 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 2012        | 1,069,088                 | 1,730                       | 1,048,291                        |
| Additions              | <u>99,120</u>             | <u>-</u>                    | <u>186,070</u>                   |
| At 31 March 2013       | <u>1,168,208</u>          | <u>1,730</u>                | <u>1,234,361</u>                 |
| <b>DEPRECIATION</b>    |                           |                             |                                  |
| At 1 April 2012        | 108,959                   | 1,730                       | 399,572                          |
| Charge for year        | 38,496                    | -                           | 154,484                          |
| Eliminated on disposal | <u>-</u>                  | <u>-</u>                    | <u>-</u>                         |
| At 31 March 2013       | <u>147,455</u>            | <u>1,730</u>                | <u>554,056</u>                   |
| <b>NET BOOK VALUE</b>  |                           |                             |                                  |
| At 31 March 2013       | <u>1,020,753</u>          | <u>-</u>                    | <u>680,305</u>                   |
| At 31 March 2012       | <u>960,129</u>            | <u>-</u>                    | <u>648,719</u>                   |

**HMC Group Limited (Registered number. 05064708)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2013**

**7 TANGIBLE FIXED ASSETS - continued**

**Group**

|                        | Motor<br>vehicles<br>£ | Computer<br>equipment<br>£ | Totals<br>£      |
|------------------------|------------------------|----------------------------|------------------|
| <b>COST</b>            |                        |                            |                  |
| At 1 April 2012        | 398,784                | 2,683                      | 2,520,576        |
| Additions              | 62,700                 | -                          | 347,890          |
| Disposals              | <u>(15,350)</u>        | <u>-</u>                   | <u>(15,350)</u>  |
| At 31 March 2013       | <u>446,134</u>         | <u>2,683</u>               | <u>2,853,116</u> |
| <b>DEPRECIATION</b>    |                        |                            |                  |
| At 1 April 2012        | 150,330                | 1,724                      | 662,315          |
| Charge for year        | 86,064                 | 400                        | 279,444          |
| Eliminated on disposal | <u>(7,675)</u>         | <u>-</u>                   | <u>(7,675)</u>   |
| At 31 March 2013       | <u>228,719</u>         | <u>2,124</u>               | <u>934,084</u>   |
| <b>NET BOOK VALUE</b>  |                        |                            |                  |
| At 31 March 2013       | <u>217,415</u>         | <u>559</u>                 | <u>1,919,032</u> |
| At 31 March 2012       | <u>248,454</u>         | <u>959</u>                 | <u>1,858,261</u> |

**Company**

|                       | Freehold<br>property<br>£ | Fixtures<br>and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Totals<br>£    |
|-----------------------|---------------------------|----------------------------------|------------------------|----------------|
| <b>COST</b>           |                           |                                  |                        |                |
| At 1 April 2012       | 3,089                     | 496,836                          | 62,883                 | 562,808        |
| Additions             | <u>-</u>                  | <u>65,321</u>                    | <u>27,200</u>          | <u>92,521</u>  |
| At 31 March 2013      | <u>3,089</u>              | <u>562,157</u>                   | <u>90,083</u>          | <u>655,329</u> |
| <b>DEPRECIATION</b>   |                           |                                  |                        |                |
| At 1 April 2012       | 136                       | 218,557                          | 20,628                 | 239,321        |
| Charge for year       | <u>136</u>                | <u>65,297</u>                    | <u>18,448</u>          | <u>83,881</u>  |
| At 31 March 2013      | <u>272</u>                | <u>283,854</u>                   | <u>39,076</u>          | <u>323,202</u> |
| <b>NET BOOK VALUE</b> |                           |                                  |                        |                |
| At 31 March 2013      | <u>2,817</u>              | <u>278,303</u>                   | <u>51,007</u>          | <u>332,127</u> |
| At 31 March 2012      | <u>2,953</u>              | <u>278,279</u>                   | <u>42,255</u>          | <u>323,487</u> |

**HMC Group Limited (Registered number: 05064708)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2013**

**8 FIXED ASSET INVESTMENTS**

**Company**

|                          | Shares in<br>group<br>undertakings<br>£ |
|--------------------------|-----------------------------------------|
| <b>COST OR VALUATION</b> |                                         |
| At 1 April 2012          |                                         |
| and 31 March 2013        | <u>2,011,894</u>                        |
| <b>NET BOOK VALUE</b>    |                                         |
| At 31 March 2013         | <u><u>2,011,894</u></u>                 |
| At 31 March 2012         | <u><u>2,011,894</u></u>                 |

Cost or valuation at 31 March 2013 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><u>2,011,894</u></u>                 |

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

|      | 2013<br>£ | 2012<br>£ |
|------|-----------|-----------|
| Cost | <u>7</u>  | <u>7</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

|                                                                      |  |           |           |
|----------------------------------------------------------------------|--|-----------|-----------|
| Nature of business: The above line represents the nature of business |  | %         |           |
| Class of shares                                                      |  | holding   |           |
| Ordinary                                                             |  | 100 00    |           |
|                                                                      |  | 2013      | 2012      |
|                                                                      |  | £         | £         |
| Aggregate capital and reserves                                       |  | 2,121,781 | 1,773,479 |
| Profit for the year                                                  |  | 348,302   | 323,821   |

**HMC Group Limited (Registered number: 05064708)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2013**

**8 FIXED ASSET INVESTMENTS - continued**

**Helen McArdle Care Limited**

Nature of business Provision of nursing care

|                                | %<br>holding | 2013             | 2012             |
|--------------------------------|--------------|------------------|------------------|
| Class of shares                |              | £                | £                |
| Ordinary                       | 100 00       | 305,809          | (770,306)        |
| Aggregate capital and reserves |              | <u>1,076,115</u> | <u>1,089,468</u> |
| Profit for the year            |              |                  |                  |

**HMC Finance Limited**

Nature of business SPV for the development of a healthcare project

|                                | %<br>holding | 2013           | 2012           |
|--------------------------------|--------------|----------------|----------------|
| Class of shares                |              | £              | £              |
| Ordinary                       | 100 00       | 585,471        | 356,465        |
| Aggregate capital and reserves |              | <u>229,006</u> | <u>232,625</u> |
| Profit for the year            |              |                |                |

**HMC Management Limited**

Nature of business Dormant

|                                | %<br>holding | 2013     | 2012     |
|--------------------------------|--------------|----------|----------|
| Class of shares                |              | £        | £        |
| Ordinary                       | 100 00       | 1        | 1        |
| Aggregate capital and reserves |              | <u>1</u> | <u>1</u> |

**HMC Land Limited**

Nature of business Property development

|                                | %<br>holding | 2013           | 2012          |
|--------------------------------|--------------|----------------|---------------|
| Class of shares                |              | £              | £             |
| Ordinary                       | 100 00       | 766,445        | 419,772       |
| Aggregate capital and reserves |              | <u>346,673</u> | <u>85,964</u> |
| Profit for the year            |              |                |               |

**HMC Homecare Limited**

Nature of business Social work without accommodation

|                                | %<br>holding | 2013            | 2012            |
|--------------------------------|--------------|-----------------|-----------------|
| Class of shares                |              | £               | £               |
| Ordinary                       | 100 00       | (124,402)       | (113,034)       |
| Aggregate capital and reserves |              | <u>(11,368)</u> | <u>(59,898)</u> |
| Loss for the year              |              |                 |                 |

**HMC Group Limited (Registered number: 05064708)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2013**

**8 FIXED ASSET INVESTMENTS - continued**

**Select Living Limited**

Nature of business Management of retirement communities

|                                | %       |                 |          |
|--------------------------------|---------|-----------------|----------|
| Class of shares                | holding |                 |          |
| Ordinary                       | 100 00  |                 |          |
|                                |         | 2013            | 2012     |
|                                |         | £               | £        |
| Aggregate capital and reserves |         | (10,571)        | 1        |
| Loss for the year              |         | <u>(10,572)</u> | <u>-</u> |

**9 INVESTMENT PROPERTY**

**Group**

|                          | Total<br>£        |
|--------------------------|-------------------|
| <b>COST OR VALUATION</b> |                   |
| At 1 April 2012          | 11,039,040        |
| Additions                | <u>458,929</u>    |
| At 31 March 2013         | <u>11,497,969</u> |
| <b>NET BOOK VALUE</b>    |                   |
| At 31 March 2013         | <u>11,497,969</u> |
| At 31 March 2012         | <u>11,039,040</u> |

Cost or valuation at 31 March 2013 is represented by

|                   | £                 |
|-------------------|-------------------|
| Valuation in 2006 | 1,636,374         |
| Cost              | <u>9,861,595</u>  |
|                   | <u>11,497,969</u> |

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

|      | 2013             | 2012             |
|------|------------------|------------------|
|      | £                | £                |
| Cost | <u>9,402,666</u> | <u>9,402,666</u> |

Investment property was valued on an open market basis on 31 March 2013 by the directors

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2013

## 9 INVESTMENT PROPERTY - continued

| Company               | Total<br>£       |
|-----------------------|------------------|
| <b>COST</b>           |                  |
| At 1 April 2012       | 3,968,859        |
| Additions             | <u>458,929</u>   |
| At 31 March 2013      | <u>4,427,788</u> |
| <b>NET BOOK VALUE</b> |                  |
| At 31 March 2013      | <u>4,427,788</u> |
| At 31 March 2012      | <u>3,968,859</u> |

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 2013

## 10 STOCKS

|                        | Group            |                  |
|------------------------|------------------|------------------|
|                        | 2013<br>£        | 2012<br>£        |
| Freehold land for sale | <u>3,635,142</u> | <u>4,095,362</u> |

## 11 DEBTORS

|                                                | Group            |                  | Company          |                  |
|------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                | 2013<br>£        | 2012<br>£        | 2013<br>£        | 2012<br>£        |
| Amounts falling due within one year            |                  |                  |                  |                  |
| Trade debtors                                  | 1,462,471        | 1,597,410        | -                | -                |
| Amounts owed by group undertakings             | -                | -                | 7,859,799        | 9,328,630        |
| Amounts receivable in respect of PFI contract  | 78,044           | 73,767           | -                | -                |
| Other debtors                                  | 42,000           | 42,000           | -                | -                |
| Directors' current accounts                    | 23,834           | 8,231            | 23,834           | 8,231            |
| Prepayments and accrued income                 | <u>324,781</u>   | <u>1,639,670</u> | <u>42,959</u>    | <u>40,454</u>    |
|                                                | <u>1,931,130</u> | <u>3,361,078</u> | <u>7,926,592</u> | <u>9,377,315</u> |
| Amounts falling due after more than one year   |                  |                  |                  |                  |
| Amounts receivable in respect of PFI contracts | <u>2,394,575</u> | <u>2,472,619</u> | -                | -                |
|                                                | <u>2,394,575</u> | <u>2,472,619</u> | -                | -                |
| Aggregate amounts                              | <u>4,325,705</u> | <u>5,833,697</u> | <u>7,926,592</u> | <u>9,377,315</u> |

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2013

## 12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                         | Group             |                   | Company           |                   |
|-----------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                         | 2013              | 2012              | 2013              | 2012              |
|                                         | £                 | £                 | £                 | £                 |
| Bank loans and overdrafts (see note 14) | 14,769,749        | 14,807,317        | 14,499,452        | 14,530,358        |
| Trade creditors                         | 223,199           | 157,016           | 17,760            | 13,847            |
| Amounts owed to participating interests | 9,873             | -                 | 9,873             | -                 |
| Tax                                     | 118,679           | -                 | -                 | -                 |
| Social security and other taxes         | 253,591           | 214,831           | 39,483            | 33,930            |
| Other creditors                         | 1,083,531         | 827,349           | 6,498             | 3,819             |
| Accruals and deferred income            | 422,597           | 295,782           | 21,481            | 32,543            |
|                                         | <u>16,881,219</u> | <u>16,302,295</u> | <u>14,594,547</u> | <u>14,614,497</u> |

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

|                          | Group            |                  |
|--------------------------|------------------|------------------|
|                          | 2013             | 2012             |
|                          | £                | £                |
| Bank loans (see note 14) | <u>5,513,000</u> | <u>5,965,000</u> |

## 14 LOANS

An analysis of the maturity of loans is given below

|                                                  | Group             |                   | Company           |                   |
|--------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                  | 2013              | 2012              | 2013              | 2012              |
|                                                  | £                 | £                 | £                 | £                 |
| Amounts falling due within one year or on demand |                   |                   |                   |                   |
| Bank overdrafts                                  | -                 | 85,857            | 181,703           | 260,898           |
| Bank loans                                       | <u>14,769,749</u> | <u>14,721,460</u> | <u>14,317,749</u> | <u>14,269,460</u> |
|                                                  | <u>14,769,749</u> | <u>14,807,317</u> | <u>14,499,452</u> | <u>14,530,358</u> |
| Amounts falling due between one and two years    |                   |                   |                   |                   |
| Bank loans - 1-2 years                           | <u>452,000</u>    | <u>452,000</u>    | -                 | -                 |
| Amounts falling due between two and five years   |                   |                   |                   |                   |
| Bank loans - 2-5 years                           | <u>1,491,000</u>  | <u>1,511,000</u>  | -                 | -                 |
| Amounts falling due in more than five years      |                   |                   |                   |                   |
| Repayable by instalments                         |                   |                   |                   |                   |
| Bank loans more 5 yr by instal                   | <u>3,570,000</u>  | <u>4,002,000</u>  | -                 | -                 |

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2013

15 OPERATING LEASE COMMITMENTS

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

Group

|                                     | Land and buildings |                  |
|-------------------------------------|--------------------|------------------|
|                                     | 2013<br>£          | 2012<br>£        |
| Expiring<br>In more than five years | <u>6,372,242</u>   | <u>4,498,880</u> |

Company

|                                     | Land and buildings |               |
|-------------------------------------|--------------------|---------------|
|                                     | 2013<br>£          | 2012<br>£     |
| Expiring<br>In more than five years | <u>98,480</u>      | <u>93,564</u> |

16 SECURED DEBTS

The following secured debts are included within creditors

|                 | Company           |                   |
|-----------------|-------------------|-------------------|
|                 | 2013<br>£         | 2012<br>£         |
| Bank overdrafts | 181,703           | 260,898           |
| Bank loans      | <u>14,317,749</u> | <u>14,269,460</u> |
|                 | <u>14,499,452</u> | <u>14,530,358</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 |          |               | 2013           | 2012           |
|---------------------------------|----------|---------------|----------------|----------------|
| Number                          | Class    | Nominal value | £              | £              |
| 100,000                         | Ordinary | £1            | <u>100,000</u> | <u>100,000</u> |

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2013

18 RESERVES

Group

|                     | Profit<br>and loss<br>account<br>£ | Revaluation<br>reserve<br>£ | Totals<br>£      |
|---------------------|------------------------------------|-----------------------------|------------------|
| At 1 April 2012     | (978,900)                          | 1,636,374                   | 657,474          |
| Profit for the year | <u>979,719</u>                     |                             | <u>979,719</u>   |
| At 31 March 2013    | <u>819</u>                         | <u>1,636,374</u>            | <u>1,637,193</u> |

Company

|                      | Profit<br>and loss<br>account<br>£ | Revaluation<br>reserve<br>£ | Totals<br>£      |
|----------------------|------------------------------------|-----------------------------|------------------|
| At 1 April 2012      | (1,044,130)                        | 2,011,888                   | 967,758          |
| Deficit for the year | <u>(963,204)</u>                   |                             | <u>(963,204)</u> |
| At 31 March 2013     | <u>(2,007,334)</u>                 | <u>2,011,888</u>            | <u>4,554</u>     |

19 TRANSACTIONS WITH DIRECTORS

The following loan to directors subsisted during the years ended 31 March 2013 and 31 March 2012

|                                      | 2013<br>£     | 2012<br>£    |
|--------------------------------------|---------------|--------------|
| <b>M H McArdle</b>                   |               |              |
| Balance outstanding at start of year | 8,231         | (44,727)     |
| Amounts advanced                     | 80,764        | 51,779       |
| Amounts repaid                       | (65,161)      | 1,179        |
| Balance outstanding at end of year   | <u>23,834</u> | <u>8,231</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

|                                     | 2013<br>£        | 2012<br>£       |
|-------------------------------------|------------------|-----------------|
| Profit for the financial year       | <u>979,719</u>   | <u>841,368</u>  |
| Net addition to shareholders' funds | 979,719          | 841,368         |
| Opening shareholders' funds         | <u>757,474</u>   | <u>(83,894)</u> |
| Closing shareholders' funds         | <u>1,737,193</u> | <u>757,474</u>  |

**HMC Group Limited (Registered number. 05064708)**

**Notes to the Consolidated Financial Statements - continued  
for the Year Ended 31 March 2013**

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

**Company**

|                                                        | 2013<br>£             | 2012<br>£               |
|--------------------------------------------------------|-----------------------|-------------------------|
| (Loss)/profit for the financial year                   | <u>(963,204)</u>      | <u>1,134,155</u>        |
| <b>Net (reduction)/addition to shareholders' funds</b> | <b>(963,204)</b>      | <b>1,134,155</b>        |
| Opening shareholders' funds                            | <u>1,067,758</u>      | <u>(66,397)</u>         |
| <b>Closing shareholders' funds</b>                     | <u><u>104,554</u></u> | <u><u>1,067,758</u></u> |