

**Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 March 2014
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 2014

DIRECTORS:	J H McArdle M H McArdle
SECRETARY:	J N Dawson
REGISTERED OFFICE:	Keel Row 12 The Watermark Metro Riverside Gateshead Tyne and Wear NE11 9SZ
REGISTERED NUMBER:	05064708 (England and Wales)
SENIOR STATUTORY AUDITOR:	Simon Hook FCCA
AUDITORS:	Clive Owen & Co LLP Chartered Accountants Statutory Auditors 140 Coniscliffe Road Darlington Co Durham DL3 7RT
BANKERS:	Barclays Bank plc 215 High Street Gateshead Tyne and Wear NE8 1BX

HMC Group Limited

Group Strategic Report for the Year Ended 31 March 2014

The directors present their strategic report of the company and the group for the year ended 31 March 2014.

REVIEW OF BUSINESS

The group's main activity is providing Nursing and Residential care throughout the North East of England. The group operates 16 care homes. Towards the end of the year two new homes were opened.

The results for the group show a pre-tax profit of £1,877,172 (2013: £1,098,398) for the year. Equity shareholders funds at 31 March 2014 totalled £3,191,322 (2013: 1,737,193). Turnover increased to £26,906,073 from £24,812,208 reflecting higher occupancies and the contribution from new homes.

A new care opened in Whitley Bay in June 2014 and this home is operating at the expected level.

The group is looking to develop a further two sites, but no others will open in the coming year.

PRINCIPAL RISKS AND UNCERTAINTIES

The group produces monthly management accounts including cash flow and projections and these are reviewed on a monthly basis to identify any underperformance and variances from budget.

The risks facing the business are:

Regulation

Changes to the inspection process by the Care Quality Commission and the Care Act may change the compliance costs incurred by the business.

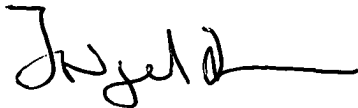
National Minimum Wage and Council Fees

Increases in the National Minimum Wage are not always reflected in the fees paid by Local Authority funded residents and this could affect financial performance.

Rent

The rent paid to operate the homes is linked to RPI. Any increase in RPI could reduce profitability.

ON BEHALF OF THE BOARD:



J N Dawson - Secretary

26 June 2014

HMC Group Limited

Report of the Directors for the Year Ended 31 March 2014

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2014.

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.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2014.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2013 to the date of this report.

J H McArdle
M H McArdle

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.

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 2014

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 2014 on pages six 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 page 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 Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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.

Clive Owen & Co LLP

Simon Hook FCCA (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 2014

HMC Group Limited

Consolidated Profit and Loss Account for the Year Ended 31 March 2014

	Notes	2014 £	2013 £
TURNOVER		26,906,073	24,812,208
Cost of sales		<u>13,832,789</u>	<u>13,015,684</u>
GROSS PROFIT		13,073,284	11,796,524
Administrative expenses		<u>10,907,017</u>	<u>10,253,817</u>
		2,166,267	1,542,707
Other operating income		<u>10,566</u>	<u>7,588</u>
OPERATING PROFIT	3	2,176,833	1,550,295
Interest receivable and similar income		<u>137,703</u>	<u>141,980</u>
		2,314,536	1,692,275
Interest payable and similar charges	4	<u>437,364</u>	<u>593,877</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,877,172	1,098,398
Tax on profit on ordinary activities	5	<u>423,043</u>	<u>118,679</u>
PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP		<u><u>1,454,129</u></u>	<u><u>979,719</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.

Consolidated Balance Sheet
31 March 2014

	Notes	2014		2013	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		2,150,979		1,919,032
Investments	8		-		-
Investment property	9		<u>11,497,969</u>		<u>11,497,969</u>
			13,648,948		13,417,001
CURRENT ASSETS					
Stocks	10	3,301,953		3,635,142	
Debtors	11	3,980,592		4,325,705	
Cash at bank and in hand		<u>3,373,324</u>		<u>2,753,564</u>	
		10,655,869		10,714,411	
CREDITORS					
Amounts falling due within one year	12	<u>16,017,272</u>		<u>16,881,219</u>	
NET CURRENT LIABILITIES			<u>(5,361,403)</u>		<u>(6,166,808)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			8,287,545		7,250,193
CREDITORS					
Amounts falling due after more than one year	13		(5,040,000)		(5,513,000)
PROVISIONS FOR LIABILITIES	17		<u>(56,223)</u>		<u>-</u>
NET ASSETS			<u><u>3,191,322</u></u>		<u><u>1,737,193</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		100,000		100,000
Revaluation reserve	19		1,636,374		1,636,374
Profit and loss account	19		<u>1,454,948</u>		<u>819</u>
SHAREHOLDERS' FUNDS	22		<u><u>3,191,322</u></u>		<u><u>1,737,193</u></u>

The financial statements were approved by the Board of Directors on 26 June 2014 and were signed on its behalf by:



M H McArdle - Director

Company Balance Sheet
31 March 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Tangible assets	7	334,076	332,127
Investments	8	6,027,043	2,011,894
Investment property	9	<u>4,427,788</u>	<u>4,427,788</u>
		10,788,907	6,771,809
CURRENT ASSETS			
Debtors	11	5,381,890	7,926,592
Cash at bank and in hand		<u>153,136</u>	<u>700</u>
		5,535,026	7,927,292
CREDITORS			
Amounts falling due within one year	12	<u>13,132,611</u>	<u>14,594,547</u>
NET CURRENT LIABILITIES		<u>(7,597,585)</u>	<u>(6,667,255)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,191,322</u>	<u>104,554</u>
CAPITAL AND RESERVES			
Called up share capital	18	100,000	100,000
Revaluation reserve	19	6,027,037	2,011,888
Profit and loss account	19	<u>(2,935,715)</u>	<u>(2,007,334)</u>
SHAREHOLDERS' FUNDS	22	<u>3,191,322</u>	<u>104,554</u>

The financial statements were approved by the Board of Directors on 26 June 2014 and were signed on its behalf by:



M H McArdle - Director

HMC Group Limited

Consolidated Cash Flow Statement for the Year Ended 31 March 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	1	3,403,790	4,309,842
Returns on investments and servicing of finance	2	(299,661)	(451,897)
Taxation		(220,679)	-
Capital expenditure and financial investment	2	<u>(519,858)</u>	<u>(797,619)</u>
		2,363,592	3,060,326
Financing	2	<u>(1,743,832)</u>	<u>(419,314)</u>
Increase in cash in the period		<u>619,760</u>	<u>2,641,012</u>
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		619,760	2,641,012
Cash outflow from decrease in debt		<u>14,790,749</u>	<u>403,711</u>
Change in net debt resulting from cash flows		<u>15,410,509</u>	<u>3,044,723</u>
Movement in net debt in the period		15,410,509	3,044,723
Net debt at 1 April		<u>(17,529,185)</u>	<u>(20,573,908)</u>
Net debt at 31 March		<u>(2,118,676)</u>	<u>(17,529,185)</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 2014

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

	2014 £	2013 £
Operating profit	2,176,833	1,550,295
Depreciation charges	301,809	279,444
Profit on disposal of fixed assets	(13,898)	(1,525)
Decrease in stocks	333,189	460,220
Decrease in debtors	339,319	1,523,595
Increase in creditors	266,538	497,813
Net cash inflow from operating activities	<u>3,403,790</u>	<u>4,309,842</u>

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

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	137,703	141,980
Interest paid	(437,364)	(593,877)
Net cash outflow for returns on investments and servicing of finance	<u>(299,661)</u>	<u>(451,897)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(557,759)	(347,890)
Purchase of investment property	-	(458,929)
Sale of tangible fixed assets	37,901	9,200
Net cash outflow for capital expenditure and financial investment	<u>(519,858)</u>	<u>(797,619)</u>
Financing		
New loans in year	13,041,123	48,289
Loan repayments in year	(14,790,749)	(452,000)
Amount introduced by directors	5,794	-
Amount withdrawn by directors	-	(15,603)
Net cash outflow from financing	<u>(1,743,832)</u>	<u>(419,314)</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 2014

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/4/13 £	Cash flow £	At 31/3/14 £
Net cash:			
Cash at bank and in hand	<u>2,753,564</u>	<u>619,760</u>	<u>3,373,324</u>
	<u>2,753,564</u>	<u>619,760</u>	<u>3,373,324</u>
Debt:			
Debts falling due within one year	(14,769,749)	14,317,749	(452,000)
Debts falling due after one year	<u>(5,513,000)</u>	<u>473,000</u>	<u>(5,040,000)</u>
	<u>(20,282,749)</u>	<u>14,790,749</u>	<u>(5,492,000)</u>
Total	<u>(17,529,185)</u>	<u>15,410,509</u>	<u>(2,118,676)</u>

The notes form part of these financial statements

HMC Group Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2014

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.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2014**

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

	2014	2013
	£	£
Wages and salaries	12,217,262	11,356,255
Social security costs	776,623	725,802
Other pension costs	<u>125,540</u>	<u>108,279</u>
	<u><u>13,119,425</u></u>	<u><u>12,190,336</u></u>

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

	2014	2013
Directors	2	2
Management	3	2
Administration	41	18
Direct	<u>891</u>	<u>846</u>
	<u><u>937</u></u>	<u><u>868</u></u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2014	2013
	£	£
Other operating leases	6,588,395	6,295,424
Depreciation - owned assets	301,809	279,444
Profit on disposal of fixed assets	(13,898)	(1,525)
Auditors' remuneration	<u>14,343</u>	<u>12,901</u>
Directors' remuneration	135,343	130,863
Directors' pension contributions to money purchase schemes	<u>17,389</u>	<u>17,389</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Bank interest	1,761	2,018
Loan interest	<u>435,603</u>	<u>591,859</u>
	<u><u>437,364</u></u>	<u><u>593,877</u></u>

HMC Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2014

5. TAXATION

Analysis of the tax charge

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

	2014 £	2013 £
Current tax:		
UK corporation tax	366,820	118,679
Deferred tax	<u>56,223</u>	<u>-</u>
Tax on profit on ordinary activities	<u>423,043</u>	<u>118,679</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 £(928,381) (2013 - £(963,204)).

7. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 April 2013	1,168,208	1,730	1,234,361
Additions	<u>150,940</u>	<u>-</u>	<u>290,636</u>
At 31 March 2014	<u>1,319,148</u>	<u>1,730</u>	<u>1,524,997</u>
DEPRECIATION			
At 1 April 2013	147,455	1,730	554,056
Charge for year	40,291	-	169,168
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2014	<u>187,746</u>	<u>1,730</u>	<u>723,224</u>
NET BOOK VALUE			
At 31 March 2014	<u>1,131,402</u>	<u>-</u>	<u>801,773</u>
At 31 March 2013	<u>1,020,753</u>	<u>-</u>	<u>680,305</u>

HMC Group Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2014**

7. TANGIBLE FIXED ASSETS - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 April 2013	446,134	2,683	2,853,116
Additions	116,183	-	557,759
Disposals	<u>(101,852)</u>	<u>-</u>	<u>(101,852)</u>
At 31 March 2014	<u>460,465</u>	<u>2,683</u>	<u>3,309,023</u>
DEPRECIATION			
At 1 April 2013	228,719	2,124	934,084
Charge for year	92,004	346	301,809
Eliminated on disposal	<u>(77,849)</u>	<u>-</u>	<u>(77,849)</u>
At 31 March 2014	<u>242,874</u>	<u>2,470</u>	<u>1,158,044</u>
NET BOOK VALUE			
At 31 March 2014	<u>217,591</u>	<u>213</u>	<u>2,150,979</u>
At 31 March 2013	<u>217,415</u>	<u>559</u>	<u>1,919,032</u>

Company

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2013	3,089	562,157	90,083	655,329
Additions	-	23,156	71,950	95,106
Disposals	<u>-</u>	<u>-</u>	<u>(35,500)</u>	<u>(35,500)</u>
At 31 March 2014	<u>3,089</u>	<u>585,313</u>	<u>126,533</u>	<u>714,935</u>
DEPRECIATION				
At 1 April 2013	272	283,854	39,076	323,202
Charge for year	135	61,485	21,182	82,802
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(25,145)</u>	<u>(25,145)</u>
At 31 March 2014	<u>407</u>	<u>345,339</u>	<u>35,113</u>	<u>380,859</u>
NET BOOK VALUE				
At 31 March 2014	<u>2,682</u>	<u>239,974</u>	<u>91,420</u>	<u>334,076</u>
At 31 March 2013	<u>2,817</u>	<u>278,303</u>	<u>51,007</u>	<u>332,127</u>

HMC Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2014

8. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST OR VALUATION	
At 1 April 2013	2,011,894
Revaluations in year	<u>4,015,149</u>
At 31 March 2014	<u>6,027,043</u>
NET BOOK VALUE	
At 31 March 2014	<u>6,027,043</u>
At 31 March 2013	<u>2,011,894</u>

Cost or valuation at 31 March 2014 is represented by:

	Shares in group undertakings £
Valuation in 2006	1,823,921
Valuation in 2007	187,966
Valuation in 2014	4,015,149
Cost	<u>7</u>
	<u>6,027,043</u>

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

	2014 £	2013 £
Cost	<u>7</u>	<u>7</u>

Fixed asset investments were valued on a net asset basis on 31 March 2014 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

	% holding	2014 £	2013 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		2,521,577	2,121,781
Profit for the year		<u>399,796</u>	<u>348,302</u>

HMC Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2014

8. FIXED ASSET INVESTMENTS - continued

Helen McArdle Care Limited

Nature of business: Provision of nursing care.

	% holding	2014 £	2013 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		1,820,054	305,809
Profit for the year		<u>1,514,245</u>	<u>1,076,115</u>

HMC Finance Limited

Nature of business: SPV for the development of a healthcare project

	% holding	2014 £	2013 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		834,615	585,471
Profit for the year		<u>249,144</u>	<u>229,006</u>

HMC Management Limited

Nature of business: Dormant

	% holding	2014 £	2013 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		<u>1</u>	<u>1</u>

HMC Land Limited

Nature of business: Property development

	% holding	2014 £	2013 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		969,791	766,445
Profit for the year		<u>203,346</u>	<u>346,673</u>

HMC Homecare Limited

Nature of business: Social work without accommodation.

	% holding	2014 £	2013 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		(108,998)	(124,402)
Profit/(loss) for the year		<u>15,404</u>	<u>(11,368)</u>

HMC Group Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2014**

8. FIXED ASSET INVESTMENTS - continued

Select Living Limited

Nature of business: Management of retirement communities

	%		
Class of shares:	holding		
Ordinary	100.00		
		2014	2013
		£	£
Aggregate capital and reserves		(9,996)	(10,571)
Profit/(loss) for the year		<u>575</u>	<u>(10,572)</u>

9. INVESTMENT PROPERTY

Group

	Total £
COST OR VALUATION	
At 1 April 2013 and 31 March 2014	<u>11,497,969</u>
NET BOOK VALUE	
At 31 March 2014	<u>11,497,969</u>
At 31 March 2013	<u>11,497,969</u>

Cost or valuation at 31 March 2014 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:

	2014 £	2013 £
Cost	<u>9,861,595</u>	<u>9,861,595</u>

Investment property was valued on an open market basis on 31 March 2014 by the directors.

Company

	Total £
COST	
At 1 April 2013 and 31 March 2014	<u>4,427,788</u>
NET BOOK VALUE	
At 31 March 2014	<u>4,427,788</u>
At 31 March 2013	<u>4,427,788</u>

HMC Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2014

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 2014.

10. STOCKS

	Group	
	2014	2013
	£	£
Freehold land for sale	<u>3,301,953</u>	<u>3,635,142</u>

11. DEBTORS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,288,899	1,462,471	-	-
Amounts owed by group undertakings	-	-	5,303,399	7,859,799
Amounts receivable in respect of PFI contract	82,569	78,044	-	-
Other debtors	42,000	42,000	-	-
Directors' current accounts	18,040	23,834	18,040	23,834
Prepayments and accrued income	<u>237,078</u>	<u>324,781</u>	<u>60,451</u>	<u>42,959</u>
	<u>1,668,586</u>	<u>1,931,130</u>	<u>5,381,890</u>	<u>7,926,592</u>
Amounts falling due after more than one year:				
Amounts receivable in respect of PFI contracts	<u>2,312,006</u>	<u>2,394,575</u>	-	-
	<u>2,312,006</u>	<u>2,394,575</u>	-	-
Aggregate amounts	<u>3,980,592</u>	<u>4,325,705</u>	<u>5,381,890</u>	<u>7,926,592</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts (see note 14)	452,000	14,769,749	-	14,499,452
Trade creditors	329,391	223,199	36,565	17,760
Amounts owed to participating interests	13,041,123	9,873	13,041,123	9,873
Tax	264,820	118,679	-	-
Social security and other taxes	410,223	253,591	40,521	39,483
Other creditors	1,026,330	1,083,531	1,432	6,498
Accruals and deferred income	<u>493,385</u>	<u>422,597</u>	<u>12,970</u>	<u>21,481</u>
	<u>16,017,272</u>	<u>16,881,219</u>	<u>13,132,611</u>	<u>14,594,547</u>

HMC Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2014

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

	Group	
	2014	2013
	£	£
Bank loans (see note 14)	<u>5,040,000</u>	<u>5,513,000</u>

14. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	-	-	-	181,703
Bank loans	<u>452,000</u>	<u>14,769,749</u>	<u>-</u>	<u>14,317,749</u>
	<u>452,000</u>	<u>14,769,749</u>	<u>-</u>	<u>14,499,452</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>1,356,000</u>	<u>1,491,000</u>	<u>-</u>	<u>-</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	<u>3,232,000</u>	<u>3,570,000</u>	<u>-</u>	<u>-</u>

15. OPERATING LEASE COMMITMENTS

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

Group

	Land and buildings	
	2014	2013
	£	£
Expiring:		
In more than five years	<u>7,336,864</u>	<u>6,372,242</u>

Company

	Land and buildings	
	2014	2013
	£	£
Expiring:		
In more than five years	<u>98,880</u>	<u>98,480</u>

HMC Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2014

16. SECURED DEBTS

The following secured debts are included within creditors:

	Company	
	2014 £	2013 £
Bank overdraft	-	181,703
Bank loans	-	14,317,749
	<u>-</u>	<u>14,499,452</u>

17. PROVISIONS FOR LIABILITIES

	Group	
	2014 £	2013 £
Deferred tax	<u>56,223</u>	<u>-</u>
Group		
		Deferred tax £
Transfer from profit and loss account		<u>56,223</u>
Balance at 31 March 2014		<u>56,223</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value: £1	2014 £	2013 £
Number:	Class:			
100,000	Ordinary		<u>100,000</u>	<u>100,000</u>

19. RESERVES

Group		Profit and loss account £	Revaluation reserve £	Totals £
At 1 April 2013		819	1,636,374	1,637,193
Profit for the year		<u>1,454,129</u>	<u>-</u>	<u>1,454,129</u>
At 31 March 2014		<u>1,454,948</u>	<u>1,636,374</u>	<u>3,091,322</u>

HMC Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2014

19. RESERVES - continued

Company

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 April 2013	(2,007,334)	2,011,888	4,554
Deficit for the year	(928,381)		(928,381)
Revaluation of investment	-	4,015,149	4,015,149
At 31 March 2014	<u>(2,935,715)</u>	<u>6,027,037</u>	<u>3,091,322</u>

20. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 March 2014 and 31 March 2013:

	2014 £	2013 £
M H McArdle		
Balance outstanding at start of year	23,834	8,231
Amounts advanced	58,002	80,764
Amounts repaid	(63,796)	(65,161)
Balance outstanding at end of year	<u>18,040</u>	<u>23,834</u>

The loan account was repaid in full on 30 June 2014.

21. ULTIMATE CONTROLLING PARTY

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

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2014 £	2013 £
Profit for the financial year	<u>1,454,129</u>	<u>979,719</u>
Net addition to shareholders' funds	1,454,129	979,719
Opening shareholders' funds	<u>1,737,193</u>	<u>757,474</u>
Closing shareholders' funds	<u>3,191,322</u>	<u>1,737,193</u>

HMC Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2014

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS - continued

Company

	2014 £	2013 £
Loss for the financial year	(928,381)	(963,204)
Other recognised gains and losses relating to the year (net)	<u>4,015,149</u>	<u>-</u>
Net addition/(reduction) to shareholders' funds	3,086,768	(963,204)
Opening shareholders' funds	<u>104,554</u>	<u>1,067,758</u>
Closing shareholders' funds	<u><u>3,191,322</u></u>	<u><u>104,554</u></u>