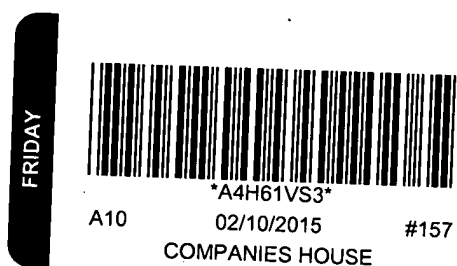


REGISTERED NUMBER: 05064708 (England and Wales)

**Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 March 2015
for
HMC Group Limited**



**Contents of the Consolidated Financial Statements
for the Year Ended 31 March 2015**

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HMC Group Limited
Company Information
for the Year Ended 31 March 2015

DIRECTORS:	J H McArdle M H McArdle M M J 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 LLP Chartered Accountants Statutory Auditors 140 Coniscliffe Road Darlington Co Durham DL3 7RT

**Group Strategic Report
for the Year Ended 31 March 2015**

The directors present their strategic report of the company and the group for the year ended 31 March 2015.

REVIEW OF BUSINESS

The group's main activity is providing Nursing and Residential care throughout the North East of England. The group operates 17 care homes.

The results for the group show a pre-tax profit of £1,929,761 (2014: £1,877,172) for the year. Equity shareholders funds at 31 March 2015 totalled £4,791,438 (2014: £3,191,322). Turnover increased to £32,186,279 from £26,906,073 reflecting higher occupancies and the contribution from new homes.

A new care home opened in Whitley Bay in June 2014 and this home is operating at the expected level. The company is planning to develop a further three care homes, but these will not open in the coming financial 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.

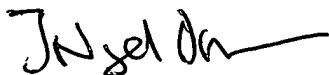
National Minimum Wage and Council Fees

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

2 July 2015

**Report of the Directors
for the Year Ended 31 March 2015**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2015.

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 2015.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2014 to the date of this report.

J H McArdle

M H McArdle

Other changes in directors holding office are as follows:

M M J McArdle - appointed 31 July 2014

CHARITABLE DONATIONS

The group has made charitable donations in the year of £86,823 (2014: £90,571).

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.

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.

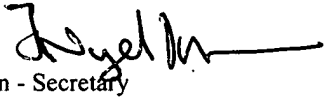
HMC Group Limited (Registered number: 05064708)

**Report of the Directors
for the Year Ended 31 March 2015**

AUDITORS

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

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'J N Dawson', with a long horizontal stroke extending to the right.

J N Dawson - Secretary

2 July 2015

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 2015 on pages seven to twenty four. 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 2015 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

Simon Hook FCCA (Senior Statutory Auditor)
for and on behalf of Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

2 July 2015

HMC Group Limited (Registered number: 05064708)

**Consolidated Profit and Loss Account
for the Year Ended 31 March 2015**

	Notes	2015 £	2014 £
TURNOVER		32,186,279	26,906,073
Cost of sales		<u>17,334,536</u>	<u>13,832,789</u>
GROSS PROFIT		14,851,743	13,073,284
Administrative expenses		<u>12,779,478</u>	<u>10,907,017</u>
		2,072,265	2,166,267
Other operating income		<u>13,414</u>	<u>10,566</u>
OPERATING PROFIT	3	2,085,679	2,176,833
Interest receivable and similar income		<u>134,641</u>	<u>137,703</u>
		2,220,320	2,314,536
Interest payable and similar charges	4	<u>290,559</u>	<u>437,364</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,929,761	1,877,172
Tax on profit on ordinary activities	5	<u>329,645</u>	<u>423,043</u>
PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP		<u><u>1,600,116</u></u>	<u><u>1,454,129</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 2015**

	Notes	2015		2014	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		2,411,617		2,150,979
Investments	8		-		-
Investment property	9		<u>11,497,969</u>		<u>11,497,969</u>
			13,909,586		13,648,948
CURRENT ASSETS					
Stocks	10	4,703,550		3,301,953	
Debtors	11	4,843,023		3,980,592	
Cash at bank and in hand		<u>3,817,950</u>		<u>3,373,324</u>	
		13,364,523		10,655,869	
CREDITORS					
Amounts falling due within one year	12	<u>17,838,448</u>		<u>16,017,272</u>	
NET CURRENT LIABILITIES			<u>(4,473,925)</u>		<u>(5,361,403)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,435,661		8,287,545
CREDITORS					
Amounts falling due after more than one year	13		(4,588,000)		(5,040,000)
PROVISIONS FOR LIABILITIES	17		<u>(56,223)</u>		<u>(56,223)</u>
NET ASSETS			<u><u>4,791,438</u></u>		<u><u>3,191,322</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>3,055,064</u>		<u>1,454,948</u>
SHAREHOLDERS' FUNDS	22		<u><u>4,791,438</u></u>		<u><u>3,191,322</u></u>

The financial statements were approved by the Board of Directors on 2 July 2015 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 2015**

	Notes	2015		2014	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		319,463		334,076
Investments	8		8,684,398		6,027,043
Investment property	9		<u>4,427,788</u>		<u>4,427,788</u>
			13,431,649		10,788,907
CURRENT ASSETS					
Debtors	11	5,932,218		5,381,890	
Cash at bank and in hand		<u>850</u>		<u>153,136</u>	
		5,933,068		5,535,026	
CREDITORS					
Amounts falling due within one year	12	<u>14,573,278</u>		<u>13,132,611</u>	
NET CURRENT LIABILITIES			<u>(8,640,210)</u>		<u>(7,597,585)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,791,439</u>		<u>3,191,322</u>
CAPITAL AND RESERVES					
Called up share capital	18		100,000		100,000
Revaluation reserve	19		8,684,392		6,027,037
Profit and loss account	19		<u>(3,992,953)</u>		<u>(2,935,715)</u>
SHAREHOLDERS' FUNDS	22		<u>4,791,439</u>		<u>3,191,322</u>

The financial statements were approved by the Board of Directors on 2 July 2015 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 2015**

	Notes	2015		2014	
		£	£	£	£
Net cash inflow from operating activities	1		2,117,813		3,409,584
Returns on investments and servicing of finance	2		(155,918)		(299,661)
Taxation			(558,649)		(220,679)
Capital expenditure	2		<u>(582,140)</u>		<u>(519,858)</u>
			821,106		2,369,386
Financing	2		<u>(452,000)</u>		<u>(1,749,626)</u>
Increase in cash in the period			<u><u>369,106</u></u>		<u><u>619,760</u></u>
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period		369,106		619,760	
Cash outflow from decrease in debt		<u>452,000</u>		<u>14,790,749</u>	
Change in net debt resulting from cash flows			<u>821,106</u>		<u>15,410,509</u>
Movement in net debt in the period			821,106		15,410,509
Net debt at 1 April			<u>(2,118,676)</u>		<u>(17,529,185)</u>
Net debt at 31 March			<u><u>(1,297,570)</u></u>		<u><u>(2,118,676)</u></u>

The notes form part of these financial statements

HMC Group Limited (Registered number: 05064708)

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 March 2015**

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

	2015 £	2014 £
Operating profit	2,085,679	2,176,833
Depreciation charges	335,039	301,809
Profit on disposal of fixed assets	(13,537)	(13,898)
(Increase)/decrease in stocks	(1,401,597)	333,189
(Increase)/decrease in debtors	(862,431)	339,319
Increase in creditors	<u>1,974,660</u>	<u>272,332</u>
Net cash inflow from operating activities	<u><u>2,117,813</u></u>	<u><u>3,409,584</u></u>

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

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	134,641	137,703
Interest paid	<u>(290,559)</u>	<u>(437,364)</u>
Net cash outflow for returns on investments and servicing of finance	<u><u>(155,918)</u></u>	<u><u>(299,661)</u></u>
Capital expenditure		
Purchase of tangible fixed assets	(604,740)	(557,759)
Sale of tangible fixed assets	<u>22,600</u>	<u>37,901</u>
Net cash outflow for capital expenditure	<u><u>(582,140)</u></u>	<u><u>(519,858)</u></u>
Financing		
New loans in year	-	13,041,123
Loan repayments in year	<u>(452,000)</u>	<u>(14,790,749)</u>
Net cash outflow from financing	<u><u>(452,000)</u></u>	<u><u>(1,749,626)</u></u>

The notes form part of these financial statements

HMC Group Limited (Registered number: 05064708)

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 March 2015**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/4/14 £	Cash flow £	At 31/3/15 £
Net cash:			
Cash at bank and in hand	3,373,324	444,626	3,817,950
Bank overdraft	<u>-</u>	<u>(75,520)</u>	<u>(75,520)</u>
	<u>3,373,324</u>	<u>369,106</u>	<u>3,742,430</u>
Debt:			
Debts falling due within one year	(452,000)	-	(452,000)
Debts falling due after one year	<u>(5,040,000)</u>	<u>452,000</u>	<u>(4,588,000)</u>
	<u>(5,492,000)</u>	<u>452,000</u>	<u>(5,040,000)</u>
Total	<u>(2,118,676)</u>	<u>821,106</u>	<u>(1,297,570)</u>

The notes form part of these financial statements

Notes to the Consolidated Financial Statements
for the Year Ended 31 March 2015

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.

Basis of consolidation

The financial statements consolidate the financial statements of HMC Group Limited and its subsidiaries: Helen McArdle Care Limited, HMC Estates Limited, HMC Finance Limited, HMC Land Limited, HMC Homecare Limited and Select Living Limited. All of the entities' financial statements are made up to 31 March 2015 and transactions between group companies have been eliminated on consolidation. No separate profit and loss account for HMC Group Limited is presented, as permitted by Section 406 of the Companies Act 2006.

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, straight line over 5 years and straight line over 4 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.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2015

1. ACCOUNTING POLICIES - continued

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.

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

	2015 £	2014 £
Wages and salaries	15,212,326	12,217,262
Social security costs	938,711	776,623
Other pension costs	188,716	125,540
	<u>16,339,753</u>	<u>13,119,425</u>

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

	2015	2014
Directors	3	2
Management	4	3
Administration	49	41
Direct	<u>1,084</u>	<u>891</u>
	<u>1,140</u>	<u>937</u>

3. OPERATING PROFIT

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

	2015 £	2014 £
Other operating leases	7,692,701	6,588,395
Depreciation - owned assets	335,039	301,809
Profit on disposal of fixed assets	(13,537)	(13,898)
Auditors' remuneration - audit of the parent company	3,375	2,530
Auditors' remuneration - audit of the subsidiaries	<u>11,325</u>	<u>11,813</u>
Directors' remuneration	172,289	135,343
Directors' pension contributions to money purchase schemes	<u>19,042</u>	<u>17,389</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

HMC Group Limited (Registered number: 05064708)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2015**

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Bank interest	140	1,761
Loan interest	<u>290,419</u>	<u>435,603</u>
	<u>290,559</u>	<u>437,364</u>

5. TAXATION

Analysis of the tax charge

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

	2015	2014
	£	£
Current tax:		
UK corporation tax	329,645	366,820
Deferred tax	<u>-</u>	<u>56,223</u>
Tax on profit on ordinary activities	<u>329,645</u>	<u>423,043</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 £(1,057,238) (2014 - £(928,381)).

7. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 April 2014	1,319,148	1,730	1,524,997
Additions	<u>90,915</u>	<u>-</u>	<u>405,575</u>
At 31 March 2015	<u>1,410,063</u>	<u>1,730</u>	<u>1,930,572</u>
DEPRECIATION			
At 1 April 2014	187,746	1,730	723,224
Charge for year	45,594	-	195,287
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2015	<u>233,340</u>	<u>1,730</u>	<u>918,511</u>
NET BOOK VALUE			
At 31 March 2015	<u>1,176,723</u>	<u>-</u>	<u>1,012,061</u>
At 31 March 2014	<u>1,131,402</u>	<u>-</u>	<u>801,773</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2015

7. TANGIBLE FIXED ASSETS - continued

Group

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 April 2014	460,465	2,683	3,309,023
Additions	108,250	-	604,740
Disposals	<u>(51,425)</u>	<u>-</u>	<u>(51,425)</u>
At 31 March 2015	<u>517,290</u>	<u>2,683</u>	<u>3,862,338</u>
DEPRECIATION			
At 1 April 2014	242,874	2,470	1,158,044
Charge for year	94,105	53	335,039
Eliminated on disposal	<u>(42,362)</u>	<u>-</u>	<u>(42,362)</u>
At 31 March 2015	<u>294,617</u>	<u>2,523</u>	<u>1,450,721</u>
NET BOOK VALUE			
At 31 March 2015	<u>222,673</u>	<u>160</u>	<u>2,411,617</u>
At 31 March 2014	<u>217,591</u>	<u>213</u>	<u>2,150,979</u>

Company

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2014	3,089	585,313	126,533	714,935
Additions	1,253	64,881	11,551	77,685
Disposals	<u>-</u>	<u>-</u>	<u>(13,495)</u>	<u>(13,495)</u>
At 31 March 2015	<u>4,342</u>	<u>650,194</u>	<u>124,589</u>	<u>779,125</u>
DEPRECIATION				
At 1 April 2014	407	345,339	35,113	380,859
Charge for year	136	62,940	29,222	92,298
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(13,495)</u>	<u>(13,495)</u>
At 31 March 2015	<u>543</u>	<u>408,279</u>	<u>50,840</u>	<u>459,662</u>
NET BOOK VALUE				
At 31 March 2015	<u>3,799</u>	<u>241,915</u>	<u>73,749</u>	<u>319,463</u>
At 31 March 2014	<u>2,682</u>	<u>239,974</u>	<u>91,420</u>	<u>334,076</u>

HMC Group Limited (Registered number: 05064708)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2015**

8. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST OR VALUATION	
At 1 April 2014	6,027,043
Revaluations in year	<u>2,657,355</u>
At 31 March 2015	<u>8,684,398</u>
NET BOOK VALUE	
At 31 March 2015	<u>8,684,398</u>
At 31 March 2014	<u>6,027,043</u>

Cost or valuation at 31 March 2015 is represented by:

	Shares in group undertakings £
Valuation in 2006	1,823,921
Valuation in 2007	187,966
Valuation in 2014	4,015,149
Valuation in 2015	2,657,355
Cost	<u>7</u>
	<u>8,684,398</u>

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

	2015	2014
	£	£
Cost	<u>7</u>	<u>7</u>

Fixed asset investments were valued on a net asset basis on 31 March 2015 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

	%
Class of shares:	holding
Ordinary	100.00

Helen McArdle Care Limited

Nature of business: Provision of nursing care.

	%
Class of shares:	holding
Ordinary	100.00

HMC Group Limited (Registered number: 05064708)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2015**

8. FIXED ASSET INVESTMENTS - continued

HMC Finance Limited

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

	%
Class of shares:	holding
Ordinary	100.00

HMC Management Limited

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

HMC Land Limited

Nature of business: Property development

	%
Class of shares:	holding
Ordinary	100.00

HMC Homecare Limited

Nature of business: Social work without accommodation.

	%
Class of shares:	holding
Ordinary	100.00

Select Living Limited

Nature of business: Management of retirement communities

	%
Class of shares:	holding
Ordinary	100.00

9. INVESTMENT PROPERTY

Group

Total
£

COST OR VALUATION

At 1 April 2014
and 31 March 2015

11,497,969

NET BOOK VALUE

At 31 March 2015

11,497,969

At 31 March 2014

11,497,969

Cost or valuation at 31 March 2015 is represented by:

Valuation in 2006
Cost

£
1,636,374
9,861,595
11,497,969

HMC Group Limited (Registered number: 05064708)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2015**

9. INVESTMENT PROPERTY - continued

Group

If investment property had not been revalued it would have been included at the following historical cost:

	2015	2014
	£	£
Cost	<u>9,861,595</u>	<u>9,861,595</u>

Investment property was valued on an open market basis on 31 March 2015 by the directors.

Company

	Total £
COST	
At 1 April 2014 and 31 March 2015	<u>4,427,788</u>
NET BOOK VALUE	
At 31 March 2015	<u>4,427,788</u>
At 31 March 2014	<u>4,427,788</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 2015.

10. STOCKS

	Group	
	2015	2014
	£	£
Freehold land for sale	<u>4,703,550</u>	<u>3,301,953</u>

11. DEBTORS

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,189,104	1,288,899	-	-
Amounts owed by group undertakings	-	-	5,824,799	5,303,399
Amounts receivable in respect of PFI contract	87,358	82,569	-	-
Other debtors	42,000	42,000	-	-
Directors' current accounts	-	18,040	-	18,040
Prepayments and accrued income	<u>299,913</u>	<u>237,078</u>	<u>107,419</u>	<u>60,451</u>
	<u>2,618,375</u>	<u>1,668,586</u>	<u>5,932,218</u>	<u>5,381,890</u>

HMC Group Limited (Registered number: 05064708)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2015**

11. DEBTORS - continued

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Amounts falling due after more than one year:				
Amounts receivable in respect of PFI contracts	<u>2,224,648</u>	<u>2,312,006</u>	<u>-</u>	<u>-</u>
	<u>2,224,648</u>	<u>2,312,006</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>4,843,023</u>	<u>3,980,592</u>	<u>5,932,218</u>	<u>5,381,890</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts (see note 14)	527,520	452,000	75,520	-
Trade creditors	466,132	329,391	21,962	36,565
Amounts owed to group undertakings	-	-	121,400	-
Amounts owed to participating interests	14,191,123	13,041,123	14,191,123	13,041,123
Tax	35,816	264,820	-	-
Social security and other taxes	463,350	410,223	51,056	40,521
Other creditors	1,237,859	1,026,330	8,329	1,432
Directors' current accounts	90,171	-	90,171	-
Accruals and deferred income	<u>826,477</u>	<u>493,385</u>	<u>13,717</u>	<u>12,970</u>
	<u>17,838,448</u>	<u>16,017,272</u>	<u>14,573,278</u>	<u>13,132,611</u>

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

	Group	
	2015	2014
	£	£
Bank loans (see note 14)	<u>4,588,000</u>	<u>5,040,000</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2015

14. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Amounts falling due within one year or on demand:				
Bank overdrafts	75,520	-	75,520	-
Bank loans	<u>452,000</u>	<u>452,000</u>	<u>-</u>	<u>-</u>
	<u>527,520</u>	<u>452,000</u>	<u>75,520</u>	<u>-</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>1,356,000</u>	<u>-</u>	<u>-</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	<u>2,780,000</u>	<u>3,232,000</u>	<u>-</u>	<u>-</u>

Bank loans in the subsidiaries of £1.35m and £3.69m are repayable by quarterly instalments at 0.90% above LIBOR and by monthly instalments at 1.00% above LIBOR respectively.

15. OPERATING LEASE COMMITMENTS

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

Group

	Land and buildings	
	2015 £	2014 £
Expiring:		
In more than five years	<u>7,832,164</u>	<u>7,336,864</u>

Company

	Land and buildings	
	2015 £	2014 £
Expiring:		
In more than five years	<u>98,880</u>	<u>98,880</u>

HMC Group Limited (Registered number: 05064708)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2015**

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank overdraft	75,520	-	75,520	-
Bank loans	<u>5,040,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>5,115,520</u></u>	<u><u>-</u></u>	<u><u>75,520</u></u>	<u><u>-</u></u>

The bank overdraft is secured by a fixed and floating charge over the assets of HMC Group Limited. The bank loan of £1.35m is secured by way of a fixed and floating charge over the assets of HMC Finance Limited. The bank loan of £3.69m is secured by a charge on land held by HMC Estates Limited at Wansbeck General Hospital and North Tyneside General Hospital.

17. PROVISIONS FOR LIABILITIES

	Group	
	2015	2014
	£	£
Deferred tax	<u>56,223</u>	<u>56,223</u>
Group		
		Deferred tax £
Balance at 1 April 2014		56,223
Transfer from profit and loss account		<u>-</u>
Balance at 31 March 2015		<u><u>56,223</u></u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2015	2014
			£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

19. RESERVES

Group			
	Profit and loss account £	Revaluation reserve £	Totals £
At 1 April 2014	1,454,948	1,636,374	3,091,322
Profit for the year	<u>1,600,116</u>	<u>-</u>	<u>1,600,116</u>
At 31 March 2015	<u><u>3,055,064</u></u>	<u><u>1,636,374</u></u>	<u><u>4,691,438</u></u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2015

19. RESERVES - continued

Company

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 April 2014	(2,935,715)	6,027,037	3,091,322
Deficit for the year	(1,057,238)		(1,057,238)
Revaluation of investment	-	2,657,355	2,657,355
At 31 March 2015	<u>(3,992,953)</u>	<u>8,684,392</u>	<u>4,691,439</u>

20. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 March 2015 and 31 March 2014:

	2015 £	2014 £
M H McArdle		
Balance outstanding at start of year	18,040	23,834
Amounts advanced	(168,141)	58,002
Amounts repaid	59,930	(63,796)
Balance outstanding at end of year	<u>(90,171)</u>	<u>18,040</u>

21. ULTIMATE CONTROLLING PARTY

The company is controlled by J H McArdle who owns 95% of the issued share capital of the parent company.

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2015 £	2014 £
Profit for the financial year	<u>1,600,116</u>	<u>1,454,129</u>
Net addition to shareholders' funds	1,600,116	1,454,129
Opening shareholders' funds	<u>3,191,322</u>	<u>1,737,193</u>
Closing shareholders' funds	<u>4,791,438</u>	<u>3,191,322</u>

Company

	2015 £	2014 £
Loss for the financial year	(1,057,238)	(928,381)
Other recognised gains and losses relating to the year (net)	<u>2,657,355</u>	<u>4,015,149</u>
Net addition to shareholders' funds	1,600,117	3,086,768
Opening shareholders' funds	<u>3,191,322</u>	<u>104,554</u>
Closing shareholders' funds	<u>4,791,439</u>	<u>3,191,322</u>