

REGISTERED NUMBER: 05064708 (England and Wales)

**Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 March 2016
for
HMC Group Limited**

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for the Year Ended 31 March 2016**

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HMC Group Limited
Company Information
for the Year Ended 31 March 2016

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 2016**

The directors present their strategic report of the company and the group for the year ended 31 March 2016.

REVIEW OF BUSINESS

The group's main activity is providing Nursing and Residential care throughout the North East of England. The group's other operations include domiciliary care, property management of a hospital, provision of rented accommodation and other commercial property activity.

The results for the group show a pre-tax profit of £2,647,125 (2015: £1,929,761) for the year. Equity shareholders funds at 31 March 2016 totalled £6,866,862 (2015: £4,791,438). Turnover increased to £37,355,832 from £32,186,279, reflecting the increased contribution from newer homes together with the sale of land.

Care

The group operates 17 care homes, comprising 1,160 beds. No care homes have opened this year but the one home that opened in the prior financial year is now reaching maturity.

Occupancy continues to be strong across the homes and averaged 94% across the year (2015: 92%). Gross profit margin has fallen to 40.8% (2015: 43.5%) as staffing levels adjust to the increasing dependency of residents.

The group is planning to open a further three care homes in the coming financial year. These care homes are located in Jesmond, Newton Aycliffe and Peterlee and will add a further 184 beds.

Homecare

The group operates a small domiciliary care division, providing an average of 400 hours care per week at the service users own accommodation. A small operation in isolation, but it provides a valuable supplementary service and is the source of a number referrals to the care homes.

Property

Across the group there is a diverse range of property and land interests which provide a range of income streams: rental income, property management income, land and property sales, car park fees, and ground rents.

**Group Strategic Report
for the Year Ended 31 March 2016**

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

The Care Quality Commission continues to tighten their regulatory process, which together with the Care Act may change the compliance costs incurred by the business.

It is pleasing that all 17 homes have now gone through the new CQC inspection regime and that all homes are rated as Good, with three rated Outstanding.

The compliance function has been upgraded during the year with a dedicated resource which now reports independently from the Operation team.

National Minimum Wage and Council Fees

The introduction of the National Living Wage has increased our staffing costs, with the group deciding that the full increase be passed to all employees with grade differentials to be maintained.

Local Authorities have recognised this increased cost and funded resident fees have increased, although margin erosion is anticipated.

Rent

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

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies which have resulted in the group's growth in recent years. They consider that the next year will show a further significant growth in sales from the opening of the three new care homes.

ON BEHALF OF THE BOARD:



J N Dawson - Secretary

29 June 2016

**Report of the Directors
for the Year Ended 31 March 2016**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2016.

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 2016.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2015 to the date of this report.

J H McArdle
M H McArdle
M M J McArdle

CHARITABLE DONATIONS

The group has made charitable donations in the year of £331,925 (2015: £86,823).

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.

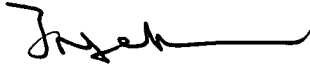
HMC Group Limited (Registered number: 05064708)

**Report of the Directors
for the Year Ended 31 March 2016**

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 flourish extending to the right.

J N Dawson - Secretary

29 June 2016

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 2016 on pages eight to thirty one. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 four, 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 2016 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.



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

29 June 2016

HMC Group Limited (Registered number: 05064708)

**Consolidated Income Statement
for the Year Ended 31 March 2016**

	Notes	2016 £	2015 £
TURNOVER		37,355,832	32,186,279
Cost of sales		<u>21,664,609</u>	<u>17,334,536</u>
GROSS PROFIT		15,691,223	14,851,743
Administrative expenses		<u>12,948,762</u>	<u>12,779,478</u>
		2,742,461	2,072,265
Other operating income		<u>14,333</u>	<u>13,414</u>
OPERATING PROFIT	3	2,756,794	2,085,679
Interest receivable and similar income		<u>132,998</u>	<u>134,641</u>
		2,889,792	2,220,320
Interest payable and similar charges	4	<u>242,667</u>	<u>290,559</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,647,125	1,929,761
Tax on profit on ordinary activities	5	<u>571,701</u>	<u>329,645</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>2,075,424</u></u>	<u><u>1,600,116</u></u>
Profit attributable to: Owners of the parent		<u><u>2,075,424</u></u>	<u><u>1,600,116</u></u>

The notes form part of these financial statements

HMC Group Limited (Registered number: 05064708)

**Consolidated Other Comprehensive Income
for the Year Ended 31 March 2016**

	Notes	2016 £	2015 £
PROFIT FOR THE YEAR		2,075,424	1,600,116
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,075,424</u>	<u>1,600,116</u>
Total comprehensive income attributable to: Owners of the parent		<u>2,075,424</u>	<u>1,600,116</u>

The notes form part of these financial statements

HMC Group Limited (Registered number: 05064708)

**Consolidated Balance Sheet
31 March 2016**

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	7	2,780,570	2,411,617
Investments	8	-	-
Investment property	9	<u>11,497,969</u>	<u>11,497,969</u>
		14,278,539	13,909,586
CURRENT ASSETS			
Stocks	10	2,203,815	4,703,550
Debtors	11	4,707,166	4,843,023
Cash at bank and in hand		<u>6,242,601</u>	<u>3,817,950</u>
		13,153,582	13,364,523
CREDITORS			
Amounts falling due within one year	12	<u>16,260,586</u>	<u>17,838,448</u>
NET CURRENT LIABILITIES		<u>(3,107,004)</u>	<u>(4,473,925)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,171,535	9,435,661
CREDITORS			
Amounts falling due after more than one year	13	(4,136,000)	(4,588,000)
PROVISIONS FOR LIABILITIES	18	<u>(168,673)</u>	<u>(56,223)</u>
NET ASSETS		<u><u>6,866,862</u></u>	<u><u>4,791,438</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	100,000	100,000
Retained earnings	20	<u>6,766,862</u>	<u>4,691,438</u>
SHAREHOLDERS' FUNDS		<u><u>6,866,862</u></u>	<u><u>4,791,438</u></u>

The financial statements were approved by the Board of Directors on 29 June 2016 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 2016**

	Notes	2016		2015	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		217,014		319,463
Investments	8		11,743,463		8,684,398
Investment property	9		<u>4,427,788</u>		<u>4,427,788</u>
			16,388,265		13,431,649
CURRENT ASSETS					
Debtors	11	2,600,667		5,932,218	
Cash at bank and in hand		<u>19,562</u>		<u>850</u>	
		2,620,229		5,933,068	
CREDITORS					
Amounts falling due within one year	12	<u>12,141,631</u>		<u>14,573,278</u>	
NET CURRENT LIABILITIES			<u>(9,521,402)</u>		<u>(8,640,210)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,866,863</u>		<u>4,791,439</u>
CAPITAL AND RESERVES					
Called up share capital	19		100,000		100,000
Retained earnings	20		<u>6,766,863</u>		<u>4,691,439</u>
SHAREHOLDERS' FUNDS			<u>6,866,863</u>		<u>4,791,439</u>

_____The financial statements were approved by the Board of Directors on 29 June 2016 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 Statement of Changes in Equity
for the Year Ended 31 March 2016**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 April 2014	100,000	1,454,948	1,636,374	3,191,322
Changes in equity				
Total comprehensive income	-	3,236,490	(1,636,374)	1,600,116
Balance at 31 March 2015	100,000	4,691,438	-	4,791,438
Changes in equity				
Total comprehensive income	-	2,075,424	-	2,075,424
Balance at 31 March 2016	100,000	6,766,862	-	6,866,862

The notes form part of these financial statements

HMC Group Limited (Registered number: 05064708)

**Company Statement of Changes in Equity
for the Year Ended 31 March 2016**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2014	100,000	3,091,322	3,191,322
Changes in equity			
Total comprehensive income	-	1,600,117	1,600,117
Balance at 31 March 2015	100,000	4,691,439	4,791,439
Changes in equity			
Total comprehensive income	-	2,075,424	2,075,424
Balance at 31 March 2016	100,000	6,766,863	6,866,863

The notes form part of these financial statements

HMC Group Limited (Registered number: 05064708)

**Consolidated Cash Flow Statement
for the Year Ended 31 March 2016**

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	1	4,143,814	2,117,813
Interest paid		(242,667)	(290,559)
Tax paid		(348,475)	(558,649)
Net cash from operating activities		<u>3,552,672</u>	<u>1,268,605</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(763,599)	(604,740)
Sale of tangible fixed assets		30,100	22,600
Interest received		132,998	134,641
Net cash from investing activities		<u>(600,501)</u>	<u>(447,499)</u>
Cash flows from financing activities			
Loan repayments in year		(452,000)	(452,000)
Net cash from financing activities		<u>(452,000)</u>	<u>(452,000)</u>
Increase in cash and cash equivalents		<u>2,500,171</u>	<u>369,106</u>
Cash and cash equivalents at beginning of year	2	<u>3,742,430</u>	<u>3,373,324</u>
Cash and cash equivalents at end of year	2	<u><u>6,242,601</u></u>	<u><u>3,742,430</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 2016**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2016	2015
	£	£
Profit before taxation	2,647,125	1,929,761
Depreciation charges	377,978	335,039
Profit on disposal of fixed assets	(13,433)	(13,537)
Finance costs	242,667	290,559
Finance income	<u>(132,998)</u>	<u>(134,641)</u>
	3,121,339	2,407,181
Decrease/(increase) in stocks	2,499,735	(1,401,597)
Decrease/(increase) in trade and other debtors	157,201	(862,431)
(Decrease)/increase in trade and other creditors	<u>(1,634,461)</u>	<u>1,974,660</u>
Cash generated from operations	<u><u>4,143,814</u></u>	<u><u>2,117,813</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2016

	31/3/16	1/4/15
	£	£
Cash and cash equivalents	6,242,601	3,817,950
Bank overdrafts	<u>-</u>	<u>(75,520)</u>
	<u><u>6,242,601</u></u>	<u><u>3,742,430</u></u>

Year ended 31 March 2015

	31/3/15	1/4/14
	£	£
Cash and cash equivalents	3,817,950	3,373,324
Bank overdrafts	<u>(75,520)</u>	<u>-</u>
	<u><u>3,742,430</u></u>	<u><u>3,373,324</u></u>

The notes form part of these financial statements

Notes to the Consolidated Financial Statements
for the Year Ended 31 March 2016

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

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 2016 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 and Straight line over 5 years
Computer equipment	- 20% on cost

Investment property

Certain of the company's properties are held for long-term investment. Investment properties are accounted for as follows. Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure. Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the profit and loss account accumulated in the profit and loss reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

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 profit or loss 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 profit or loss 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 2016

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 FRS 102, 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.

Judgements and key sources of estimation uncertainty

The following judgements have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

The valuation of investments is equal to the total net asset value of the subsidiaries.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. STAFF COSTS

	2016	2015
	£	£
Wages and salaries	17,029,733	15,212,326
Social security costs	1,084,022	938,711
Other pension costs	275,523	188,716
	<u>18,389,278</u>	<u>16,339,753</u>

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

	2016	2015
Directors	5	3
Management	4	4
Administration	29	49
Direct	<u>1,229</u>	<u>1,084</u>
	<u>1,267</u>	<u>1,140</u>

3. OPERATING PROFIT

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

	2016	2015
	£	£
Other operating leases	7,868,248	7,692,701
Depreciation - owned assets	377,979	335,039
Profit on disposal of fixed assets	(13,433)	(13,537)
Auditors' remuneration - audit of the parent company	3,375	3,375
Auditors' remuneration - audit of the subsidiaries	<u>12,705</u>	<u>11,325</u>
Directors' remuneration	153,040	172,289
Directors' pension contributions to money purchase schemes	<u>54,078</u>	<u>19,042</u>

HMC Group Limited (Registered number: 05064708)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2016**

3. OPERATING PROFIT - continued

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

Money purchase schemes	<u>1</u>	<u>1</u>
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4. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Bank interest	409	140
Loan interest	<u>242,258</u>	<u>290,419</u>
	<u>242,667</u>	<u>290,559</u>

5. TAXATION

Analysis of the tax charge

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

	2016	2015
	£	£
Current tax:		
UK corporation tax	459,251	329,645
Deferred tax	<u>112,450</u>	<u>-</u>
Tax on profit on ordinary activities	<u>571,701</u>	<u>329,645</u>

6. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(983,641) (2015 - £(1,057,238)).

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2016

7. TANGIBLE FIXED ASSETS

Group	Freehold property £	Short leasehold £	Plant and machinery £
COST			
At 1 April 2015	<u>4,342</u>	<u>1,405,721</u>	<u>1,730</u>
At 31 March 2016	<u>4,342</u>	<u>1,405,721</u>	<u>1,730</u>
DEPRECIATION			
At 1 April 2015	543	232,797	1,730
Charge for year	136	46,379	-
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2016	<u>679</u>	<u>279,176</u>	<u>1,730</u>
NET BOOK VALUE			
At 31 March 2016	<u>3,663</u>	<u>1,126,545</u>	<u>-</u>
At 31 March 2015	<u>3,799</u>	<u>1,172,924</u>	<u>-</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 April 2015	1,930,572	517,290	2,683	3,862,338
Additions	599,628	162,751	1,220	763,599
Disposals	<u>-</u>	<u>(96,864)</u>	<u>-</u>	<u>(96,864)</u>
At 31 March 2016	<u>2,530,200</u>	<u>583,177</u>	<u>3,903</u>	<u>4,529,073</u>
DEPRECIATION				
At 1 April 2015	918,511	294,617	2,523	1,450,721
Charge for year	237,898	93,236	330	377,979
Eliminated on disposal	<u>-</u>	<u>(80,197)</u>	<u>-</u>	<u>(80,197)</u>
At 31 March 2016	<u>1,156,409</u>	<u>307,656</u>	<u>2,853</u>	<u>1,748,503</u>
NET BOOK VALUE				
At 31 March 2016	<u>1,373,791</u>	<u>275,521</u>	<u>1,050</u>	<u>2,780,570</u>
At 31 March 2015	<u>1,012,061</u>	<u>222,673</u>	<u>160</u>	<u>2,411,617</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2016

7. TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2015	4,342	650,194	124,589	779,125
Additions	-	12,997	-	12,997
Disposals	-	-	(71,400)	(71,400)
At 31 March 2016	<u>4,342</u>	<u>663,191</u>	<u>53,189</u>	<u>720,722</u>
DEPRECIATION				
At 1 April 2015	543	408,279	50,840	459,662
Charge for year	136	60,742	8,674	69,552
Eliminated on disposal	-	-	(25,506)	(25,506)
At 31 March 2016	<u>679</u>	<u>469,021</u>	<u>34,008</u>	<u>503,708</u>
NET BOOK VALUE				
At 31 March 2016	<u>3,663</u>	<u>194,170</u>	<u>19,181</u>	<u>217,014</u>
At 31 March 2015	<u>3,799</u>	<u>241,915</u>	<u>73,749</u>	<u>319,463</u>

8. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST OR VALUATION	
At 1 April 2015	8,684,398
Revaluations in year	<u>3,059,065</u>
At 31 March 2016	<u>11,743,463</u>
NET BOOK VALUE	
At 31 March 2016	<u>11,743,463</u>
At 31 March 2015	<u>8,684,398</u>

HMC Group Limited (Registered number: 05064708)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2016**

8. FIXED ASSET INVESTMENTS - continued

Company

Cost or valuation at 31 March 2016 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
Valuation in 2016	3,059,065
Cost	<u>7</u>
	<u><u>11,743,463</u></u>

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

	2016 £	2015 £
Cost	<u>7</u>	<u>7</u>

Fixed asset investments were valued on a net asset basis on 31 March 2016 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		
		2016	2015
		£	£
Aggregate capital and reserves		3,316,432	2,891,113
Profit for the year		<u>425,319</u>	<u>369,536</u>

Helen McArdle Care Limited

Nature of business: Provision of nursing care.

	%		
Class of shares:	holding		
Ordinary	100.00		
		2016	2015
		£	£
Aggregate capital and reserves		4,571,749	3,260,365
Profit for the year		<u>1,311,384</u>	<u>1,440,311</u>

HMC Group Limited (Registered number: 05064708)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2016**

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

	2016	2015
	£	£
Aggregate capital and reserves	1,379,772	1,103,404
Profit for the year	<u>276,368</u>	<u>268,789</u>

HMC Management Limited

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

	2016	2015
	£	£
Aggregate capital and reserves	<u>1</u>	<u>1</u>

HMC Land Limited

Nature of business: Property development

	%
Class of shares:	holding
Ordinary	100.00

	2016	2015
	£	£
Aggregate capital and reserves	2,505,839	1,491,193
Profit for the year	<u>1,014,646</u>	<u>521,402</u>

HMC Homecare Limited

Nature of business: Social work without accommodation.

	%
Class of shares:	holding
Ordinary	100.00

	2016	2015
	£	£
Aggregate capital and reserves	(33,235)	(59,217)
Profit for the year	<u>25,982</u>	<u>49,781</u>

Select Living Limited

Nature of business: Management of retirement communities

	%
Class of shares:	holding
Ordinary	100.00

	2016	2015
	£	£
Aggregate capital and reserves	2,905	(2,461)
Profit for the year	<u>5,366</u>	<u>7,535</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2016

9. INVESTMENT PROPERTY

Group

	Total £
FAIR VALUE	
At 1 April 2015 and 31 March 2016	<u>11,497,969</u>
NET BOOK VALUE	
At 31 March 2016	<u>11,497,969</u>
At 31 March 2015	<u>11,497,969</u>

Cost or valuation at 31 March 2016 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:

	2016 £	2015 £
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 £
FAIR VALUE	
At 1 April 2015 and 31 March 2016	<u>4,427,788</u>
NET BOOK VALUE	
At 31 March 2016	<u>4,427,788</u>
At 31 March 2015	<u>4,427,788</u>

The directors have reviewed the valuation of the investment property in accordance with FRS 102 and believe that it represents fair value as at 31 March 2016.

10. STOCKS

	Group	
	2016 £	2015 £
Freehold land for sale	<u>2,203,815</u>	<u>4,703,550</u>

HMC Group Limited (Registered number: 05064708)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2016**

11. DEBTORS

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,761,379	2,189,104	-	-
Amounts owed by group undertakings	-	-	2,529,786	5,824,799
Amounts owed by participating interests	20,000	-	20,000	-
Amounts receivable in respect of PFI contract	92,423	87,358	-	-
Other debtors	67,070	42,000	-	-
Corporation tax	21,341	-	-	-
Prepayments and accrued income	<u>612,728</u>	<u>299,913</u>	<u>50,881</u>	<u>107,419</u>
	<u>2,574,941</u>	<u>2,618,375</u>	<u>2,600,667</u>	<u>5,932,218</u>
Amounts falling due after more than one year:				
Amounts receivable in respect of PFI contracts	<u>2,132,225</u>	<u>2,224,648</u>	<u>-</u>	<u>-</u>
	<u>2,132,225</u>	<u>2,224,648</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>4,707,166</u>	<u>4,843,023</u>	<u>2,600,667</u>	<u>5,932,218</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts (see note 14)	452,001	527,520	-	75,520
Trade creditors	456,630	466,132	-	21,962
Amounts owed to group undertakings	-	-	164,212	121,400
Amounts owed to participating interests	11,706,148	14,191,123	11,706,148	14,191,123
Corporation tax	167,933	35,816	-	-
Social security and other taxes	1,044,628	463,350	28,606	51,056
Other creditors	1,399,462	1,237,859	11,970	8,329
Directors' current accounts	213,191	90,171	213,191	90,171
Accruals and deferred income	<u>820,593</u>	<u>826,477</u>	<u>17,504</u>	<u>13,717</u>
	<u>16,260,586</u>	<u>17,838,448</u>	<u>12,141,631</u>	<u>14,573,278</u>

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

	Group	
	2016	2015
	£	£
Bank loans (see note 14)	<u>4,136,000</u>	<u>4,588,000</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2016

14. **LOANS**

An analysis of the maturity of loans is given below:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	-	75,520	-	75,520
Bank loans	<u>452,001</u>	<u>452,000</u>	<u>-</u>	<u>-</u>
	<u>452,001</u>	<u>527,520</u>	<u>-</u>	<u>75,520</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>2,328,000</u>	<u>2,780,000</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. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

Company		2016	2015
		£	£
Within one year		129,120	129,120
Between one and five years		<u>322,800</u>	<u>451,920</u>
		<u>451,920</u>	<u>581,040</u>
Group		2016	2015
		£	£
Within one year		7,984,188	7,984,188
Between one and five years		31,743,072	31,807,632
In more than five years		<u>148,320,588</u>	<u>158,363,023</u>
		<u>188,047,848</u>	<u>198,154,843</u>

HMC Group Limited (Registered number: 05064708)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2016**

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank overdraft	-	75,520	-	75,520
Bank loans	<u>4,588,001</u>	<u>5,040,000</u>	<u>-</u>	<u>-</u>
	<u>4,588,001</u>	<u>5,115,520</u>	<u>-</u>	<u>75,520</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. FINANCIAL INSTRUMENTS

	2016	2015
	£	£
Financial assets		
Measured at fair value through profit or loss:	11,497,969	11,497,969
Measured at amortised cost:	13,161,671	13,364,523
Financial liabilities		
Measured at amortised cost:	20,404,675	22,426,448

18. PROVISIONS FOR LIABILITIES

	Group	
	2016	2015
	£	£
Deferred tax	<u>168,673</u>	<u>56,223</u>
Group		
		Deferred tax
		£
Balance at 1 April 2015		56,223
Transfer from profit and loss account		112,450
Balance at 31 March 2016		<u>168,673</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2016	2015
			£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

HMC Group Limited (Registered number: 05064708)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2016**

19. CALLED UP SHARE CAPITAL - continued

Called up share capital represents the nominal value of shares that have been issued.

20. RESERVES

Group

	Retained earnings £
At 1 April 2015	4,691,438
Profit for the year	<u>2,075,424</u>
At 31 March 2016	<u><u>6,766,862</u></u>

Company

	Retained earnings £
At 1 April 2015	4,691,439
Deficit for the year	(983,641)
Revaluation of investment	<u>3,059,065</u>
At 31 March 2016	<u><u>6,766,863</u></u>

21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 March 2016 and 31 March 2015:

	2016 £	2015 £
J H McArdle		
Balance outstanding at start of year	(90,171)	18,040
Amounts advanced	172,108	(168,141)
Amounts repaid	(295,128)	59,930
Balance outstanding at end of year	<u>(213,191)</u>	<u>(90,171)</u>

22. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2016

22. RELATED PARTY DISCLOSURES - continued

Entities over which the entity has control, joint control or significant influence

	2016	2015
	£	£
Management charges to associates	57,750	63,000
Rent paid to associates	7,868,248	7,615,724
Key management and personnel compensation	207,118	191,331
Amount due from related party	20,000	-
Amount due to related party	11,706,148	14,191,123
Amount due to directors	<u>213,191</u>	<u>90,171</u>

23. ULTIMATE CONTROLLING PARTY

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

24. RELATED PARTY TRANSACTIONS

The group has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year a fee of £57,750 (2015: £63,000) was charged to Kids First Day Nurseries Limited, a company under common control for part of the year, for management services.

During the year the group paid rent of £7,808,248 (2015: £7,585,964) to HMC Properties Ltd, a company under common control.

During the year the group paid rent of £60,000 (2015: £29,760) to Watermark Investments Ltd, a company under common control. The balance owed to Watermark Investments Ltd as at 31 March 2016 was £11,691,123 (2015: £14,191,123).

25. FIRST YEAR ADOPTION

The group has adopted FRS 102 for the year ended 31 March 2016 and has restated the comparative prior year amounts.

Explanations:

Changes for FRS 102 adoption

1. Investments in subsidiaries are now recognised at fair value at the year-end, with changes in the fair value recognised in profit or loss. Previously these changes were recorded in the Statement of Total Recognised Gains and Losses.

2. Investment property is now recognised at fair value, with any changes recorded through the profit and loss account. Previously these changes were recorded in the Statement of Total Recognised Gains and Losses.

3. Operating lease commitments are now shown on a cumulative basis.

4. Deferred tax is now recognised on revaluation of investment property.

HMC Group Limited (Registered number: 05064708)

**Reconciliation of Equity
1 April 2014
(Date of Transition to FRS 102)**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		2,150,979	-	2,150,979
Investment property		<u>11,497,969</u>	<u>-</u>	<u>11,497,969</u>
		<u>13,648,948</u>	<u>-</u>	<u>13,648,948</u>
CURRENT ASSETS				
Stocks		3,301,953	-	3,301,953
Debtors		3,980,592	-	3,980,592
Cash at bank and in hand		<u>3,373,324</u>	<u>-</u>	<u>3,373,324</u>
		<u>10,655,869</u>	<u>-</u>	<u>10,655,869</u>
CREDITORS				
Amounts falling due within one year		<u>(16,017,272)</u>	<u>-</u>	<u>(16,017,272)</u>
NET CURRENT LIABILITIES		<u>(5,361,403)</u>	<u>-</u>	<u>(5,361,403)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,287,545	-	8,287,545
CREDITORS				
Amounts falling due after more than one year		(5,040,000)	-	(5,040,000)
PROVISIONS FOR LIABILITIES		<u>(56,223)</u>	<u>(327,275)</u>	<u>(383,498)</u>
NET ASSETS		<u>3,191,322</u>	<u>(327,275)</u>	<u>2,864,047</u>
CAPITAL AND RESERVES				
Called up share capital		100,000	-	100,000
Revaluation reserve		1,636,374	(1,636,374)	-
Retained earnings		<u>1,454,948</u>	<u>1,309,099</u>	<u>2,764,047</u>
SHAREHOLDERS' FUNDS		<u>3,191,322</u>	<u>(327,275)</u>	<u>2,864,047</u>

The notes form part of these financial statements

HMC Group Limited (Registered number: 05064708)

**Reconciliation of Equity - continued
31 March 2015**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		2,411,617	-	2,411,617
Investment property		<u>11,497,969</u>	<u>-</u>	<u>11,497,969</u>
		<u>13,909,586</u>	<u>-</u>	<u>13,909,586</u>
CURRENT ASSETS				
Stocks		4,703,550	-	4,703,550
Debtors		4,843,023	-	4,843,023
Cash at bank and in hand		<u>3,817,950</u>	<u>-</u>	<u>3,817,950</u>
		<u>13,364,523</u>	<u>-</u>	<u>13,364,523</u>
CREDITORS				
Amounts falling due within one year		<u>(17,838,448)</u>	<u>-</u>	<u>(17,838,448)</u>
NET CURRENT LIABILITIES		<u>(4,473,925)</u>	<u>-</u>	<u>(4,473,925)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,435,661	-	9,435,661
CREDITORS				
Amounts falling due after more than one year		(4,588,000)	-	(4,588,000)
PROVISIONS FOR LIABILITIES		<u>(56,223)</u>	<u>-</u>	<u>(56,223)</u>
NET ASSETS		<u>4,791,438</u>	<u>-</u>	<u>4,791,438</u>
CAPITAL AND RESERVES				
Called up share capital		100,000	-	100,000
Revaluation reserve		1,636,374	(1,636,374)	-
Retained earnings		<u>3,055,064</u>	<u>1,636,374</u>	<u>4,691,438</u>
SHAREHOLDERS' FUNDS		<u>4,791,438</u>	<u>-</u>	<u>4,791,438</u>

The notes form part of these financial statements

HMC Group Limited (Registered number: 05064708)

**Reconciliation of Profit
for the Year Ended 31 March 2015**

	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
TURNOVER	32,186,279	-	32,186,279
Cost of sales	<u>(17,334,536)</u>	<u>-</u>	<u>(17,334,536)</u>
GROSS PROFIT	14,851,743	-	14,851,743
Administrative expenses	(12,779,478)	-	(12,779,478)
Other operating income	<u>13,414</u>	<u>-</u>	<u>13,414</u>
OPERATING PROFIT	2,085,679	-	2,085,679
Interest receivable and similar income	134,641	-	134,641
Interest payable and similar charges	<u>(290,559)</u>	<u>-</u>	<u>(290,559)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,929,761	-	1,929,761
Tax on profit on ordinary activities	<u>(329,645)</u>	<u>-</u>	<u>(329,645)</u>
PROFIT FOR THE FINANCIAL YEAR	<u>1,600,116</u>	<u>-</u>	<u>1,600,116</u>
 Profit attributable to: Owners of the parent	 <u>1,600,116</u>	 <u>-</u>	 <u>1,600,116</u>

The notes form part of these financial statements