

REGISTERED NUMBER: 05064708 (England and Wales)

**Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 March 2017
for
HMC Group Ltd**



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for the Year Ended 31 March 2017**

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HMC Group Ltd
Company Information
for the Year Ended 31 March 2017

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
Kepier House
Belmont Business Park
Durham
DH1 1TW

**Group Strategic Report
for the Year Ended 31 March 2017**

The directors present their strategic report of the company and the group for the year ended 31 March 2017.

REVIEW OF BUSINESS

The main activity of the Group was the provision of residential care, nursing care and homecare across the North East of England. These activities continued to perform exceptionally well in terms of occupancy, income and profitability.

During the year a further two homes were leased in Newton Aycliffe and Jesmond, and an agreement for lease reached on a further home in Peterlee.

On 10 January 2017, the care businesses were sold. This consisted of 100% of the ordinary share capital of Helen McArdle Care Ltd and HMC Homecare Ltd trading as "at home with Helen McArdle Care".

At the date of the sale, four of the care homes were rated as "outstanding" by CQC and the remaining inspected homes and homecare were rated "good". In addition all homes achieved the highest grading by their respective Local Authorities Quality Grading Schemes.

We are confident that the homes and homecare will thrive under their new owners and the Group's priority through the sales process was to ensure residents, their families and staff continued to receive the care and support they deserve.

The Group's remaining activities are the operation and management of key worker accommodation, facilities management of a community hospital and retirement living, and development of new and existing land holdings.

The results for the group show a pre-tax profit of £4,259,527 (2016: £2,647,125) for the year. Equity shareholders funds at 31 March 2017 totalled £13,247,500 (2016: £6,572,315). Turnover decreased to £28,858,280 from £37,355,832, reflecting the sale of Helen McArdle Care and HMC Homecare in the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The business 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:

Interest Rates

The group is exposed to interest risk on borrowings but given the modest level of gearing there are no formal hedging derivatives in place.

Property

The property interests of the group are predominantly underpinned by long term contractual agreements with counterparties of sound financial standing. Therefore credit risk and the potential for rental voids is considered to be minimal.

Future developments

The directors expect a stable year ahead following the sale of the principal trading businesses and other key property assets being tied in with long term contracts. The directors will continue to manage the portfolio of property assets and look to add value through acquisitions or disposals as opportunities arise.

ON BEHALF OF THE BOARD:



J N Dawson - Secretary

4 August 2017

**Report of the Directors
for the Year Ended 31 March 2017**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

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

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2016 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 £184,309 (2016: £331,925).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, 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.

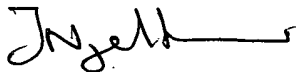
HMC Group Ltd (Registered number: 05064708)

**Report of the Directors
for the Year Ended 31 March 2017**

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

4 August 2017

Report of the Independent Auditors to the Members of HMC Group Ltd

We have audited the financial statements of HMC Group Ltd for the year ended 31 March 2017 on pages seven to thirty. 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 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 2017 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, based on the work undertaken in the course of our audit, 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, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the group and the parent company and its environment, we have not identified any material misstatements in the Group Strategic Report or the Report of the Directors.

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

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
Kepier House
Belmont Business Park
Durham
DH1 1TW

4 August 2017

HMC Group Ltd (Registered number: 05064708)

**Consolidated Profit and Loss Account
for the Year Ended 31 March 2017**

	Notes	2017 Continuing £	2017 Discontinued £	2017 Total £
TURNOVER		2,274,980	26,583,300	28,858,280
Cost of sales		(551,006)	(15,886,248)	(16,437,254)
GROSS PROFIT		1,723,974	10,697,052	12,421,026
Administrative expenses		(1,442,395)	(9,764,001)	(11,206,396)
OPERATING PROFIT	4	281,579	933,051	1,214,630
Profit/loss on sale of operation	5	3,757,739	-	3,757,739
Legal fees re sale of investment	5	(759,604)	-	(759,604)
		3,279,714	933,051	4,212,765
Interest receivable and similar income		123,998	2,486	126,484
Interest payable and similar expenses	6	(79,722)	-	(79,722)
PROFIT BEFORE TAXATION		3,323,990	935,537	4,259,527
Tax on profit	7	(1,514,161)	-	(1,514,161)
PROFIT FOR THE FINANCIAL YEAR		1,809,829	935,537	2,745,366
Profit attributable to: Owners of the parent				2,745,366

The notes form part of these financial statements

HMC Group Ltd (Registered number: 05064708)

**Consolidated Profit and Loss Account
for the Year Ended 31 March 2017**

	Notes	2016 Continuing £	2016 Discontinued £	2016 Total £
TURNOVER		5,307,148	32,048,684	37,355,832
Cost of sales		(2,689,213)	(18,975,396)	(21,664,609)
GROSS PROFIT		2,617,935	13,073,288	15,691,223
Administrative expenses		(1,607,859)	(11,340,903)	(12,948,762)
		1,010,076	1,732,385	2,742,461
Other operating income		8,333	6,000	14,333
OPERATING PROFIT	4	1,018,409	1,738,385	2,756,794
Interest receivable and similar income		128,389	4,609	132,998
Interest payable and similar expenses	6	(242,667)	-	(242,667)
PROFIT BEFORE TAXATION		904,131	1,742,994	2,647,125
Tax on profit	7	(133,345)	(405,628)	(538,973)
PROFIT FOR THE FINANCIAL YEAR		770,786	1,337,366	2,108,152
Profit attributable to: Owners of the parent				2,108,152

The notes form part of these financial statements

HMC Group Ltd (Registered number: 05064708)

**Consolidated Other Comprehensive Income
for the Year Ended 31 March 2017**

	Notes	2017 £	2016 £
PROFIT FOR THE YEAR		6,675,185	2,108,152
OTHER COMPREHENSIVE INCOME			
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>6,675,185</u>	<u>2,108,152</u>
Total comprehensive income attributable to: Owners of the parent		<u>6,675,185</u>	<u>2,108,152</u>

The notes form part of these financial statements

HMC Group Ltd (Registered number: 05064708)

**Consolidated Balance Sheet
31 March 2017**

	Notes	2017 £	2016 £
FIXED ASSETS			
Intangible assets	9	24,167	-
Tangible assets	10	121,939	2,780,570
Investments	11	-	-
Investment property	12	15,427,788	11,497,969
		<u>15,573,894</u>	<u>14,278,539</u>
CURRENT ASSETS			
Stocks	13	2,825,934	2,203,815
Debtors	14	2,647,659	4,707,166
Cash at bank and in hand		985,680	6,242,601
		<u>6,459,273</u>	<u>13,153,582</u>
CREDITORS			
Amounts falling due within one year	15	4,063,393	16,260,586
NET CURRENT ASSETS/(LIABILITIES)		<u>2,395,880</u>	<u>(3,107,004)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,969,774</u>	<u>11,171,535</u>
CREDITORS			
Amounts falling due after more than one year	16	(3,684,000)	(4,136,000)
PROVISIONS FOR LIABILITIES	21	(1,038,274)	(463,220)
NET ASSETS		<u><u>13,247,500</u></u>	<u><u>6,572,315</u></u>
CAPITAL AND RESERVES			
Called up share capital	22	100,000	100,000
Retained earnings	23	13,147,500	6,472,315
SHAREHOLDERS' FUNDS		<u><u>13,247,500</u></u>	<u><u>6,572,315</u></u>

The financial statements were approved by the Board of Directors on 4 August 2017 and were signed on its behalf by:



M H McArdle - Director

The notes form part of these financial statements

HMC Group Ltd (Registered number: 05064708)

**Company Balance Sheet
31 March 2017**

	Notes	2017 £	2016 £
FIXED ASSETS			
Intangible assets	9	24,167	-
Tangible assets	10	81,693	217,014
Investments	11	11,481,373	11,743,463
Investment property	12	4,427,788	4,427,788
		<u>16,015,021</u>	<u>16,388,265</u>
CURRENT ASSETS			
Debtors	14	800,245	2,600,667
Cash at bank and in hand		353,220	19,562
		<u>1,153,465</u>	<u>2,620,229</u>
CREDITORS			
Amounts falling due within one year	15	3,610,074	12,141,631
NET CURRENT LIABILITIES		<u>(2,456,609)</u>	<u>(9,521,402)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,558,412</u>	<u>6,866,863</u>
CAPITAL AND RESERVES			
Called up share capital	22	100,000	100,000
Retained earnings	23	13,458,412	6,766,863
SHAREHOLDERS' FUNDS		<u>13,558,412</u>	<u>6,866,863</u>
Company's profit/(loss) for the financial year		<u>6,479,587</u>	<u>(983,641)</u>

The financial statements were approved by the Board of Directors on 4 August 2017 and were signed on its behalf by:



M H McArdle - Director

The notes form part of these financial statements

HMC Group Ltd (Registered number: 05064708)

**Consolidated Statement of Changes in Equity
for the Year Ended 31 March 2017**

	Called up share capital £	Retained earnings £	Other reserves £	Total equity £
Balance at 1 April 2015	100,000	4,364,163	327,275	4,791,438
Changes in equity				
Total comprehensive income	-	2,108,152	(327,275)	1,780,877
Balance at 31 March 2016	100,000	6,472,315	-	6,572,315
Changes in equity				
Total comprehensive income	-	6,675,185	-	6,675,185
Balance at 31 March 2017	100,000	13,147,500	-	13,247,500

The notes form part of these financial statements

HMC Group Ltd (Registered number: 05064708)

**Company Statement of Changes in Equity
for the Year Ended 31 March 2017**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 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
Changes in equity			
Total comprehensive income	-	6,691,549	6,691,549
Balance at 31 March 2017	100,000	13,458,412	13,558,412

The notes form part of these financial statements

HMC Group Ltd (Registered number: 05064708)

**Consolidated Cash Flow Statement
for the Year Ended 31 March 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	3,271,781	6,609,959
Interest paid		(79,722)	(242,667)
Tax paid		(146,592)	(329,645)
Net cash from operating activities		<u>3,045,467</u>	<u>6,037,647</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(25,000)	-
Purchase of tangible fixed assets		(706,102)	(763,599)
Sale of tangible fixed assets		113,518	30,100
Sale of fixed asset investments		138,712	-
Interest received		126,484	132,998
Net cash from investing activities		<u>(352,388)</u>	<u>(600,501)</u>
Cash flows from financing activities			
Loan repayments in year		(452,000)	(452,000)
Loans repaid to associates		(10,000,000)	(2,484,975)
New loans from associated companies		2,502,000	-
Net cash from financing activities		<u>(7,950,000)</u>	<u>(2,936,975)</u>
(Decrease)/increase in cash and cash equivalents		<u>(5,256,921)</u>	<u>2,500,171</u>
Cash and cash equivalents at beginning of year	2	6,242,601	3,742,430
Cash and cash equivalents at end of year	2	<u><u>985,680</u></u>	<u><u>6,242,601</u></u>

The notes form part of these financial statements

HMC Group Ltd (Registered number: 05064708)

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 March 2017**

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

	2017	2016
	£	£
Profit before taxation	8,189,346	2,647,125
Depreciation charges	357,912	377,979
Loss/(profit) on disposal of fixed assets	38,131	(13,433)
Gain on revaluation of fixed assets	(3,929,819)	-
Finance costs	79,722	242,667
Finance income	(126,484)	(132,998)
	<u>4,608,808</u>	<u>3,121,340</u>
(Increase)/decrease in stocks	(622,119)	2,499,735
Decrease in trade and other debtors	2,038,166	135,857
(Decrease)/increase in trade and other creditors	<u>(2,753,074)</u>	<u>853,027</u>
Cash generated from operations	<u><u>3,271,781</u></u>	<u><u>6,609,959</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 2017

	31/3/17	1/4/16
	£	£
Cash and cash equivalents	<u>985,680</u>	<u>6,242,601</u>

Year ended 31 March 2016

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

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the Year Ended 31 March 2017**

1. STATUTORY INFORMATION

HMC Group Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. 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 Ltd and its subsidiaries: Helen McArdle Care Limited, HMC Homecare Limited, HMC Estates Limited, HMC Finance Limited, HMC Land Limited and Select Living Limited. All of the entities' financial statements are made up to 31 March 2017, except for Helen McArdle Care Limited and HMC Homecare Limited, which have been included up to their date of disposal on 10 January 2017. Transactions between group companies have been eliminated on consolidation. No separate profit and loss account for HMC Group Ltd is presented, as permitted by Section 406 of the Companies Act 2006.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Other intangibles are being amortised evenly over their estimated useful life of five years.

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
Short leasehold	- 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

Some of the group'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

Stock represents freehold land for resale and is valued at the lower of cost and net realisable value.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2017**

2. ACCOUNTING POLICIES - continued

Financial instruments

Debtors

Short term debtors are measured at transaction price. Other financial assets are measured at fair value.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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 recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through profit or loss if their fair value can be measured reliably.

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.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2017**

2. ACCOUNTING POLICIES - continued**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.

Depreciation charged against the use of fixed assets.

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.

3. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	14,514,670	17,029,733
Social security costs	971,072	1,084,022
Other pension costs	506,078	275,523
	<u>15,991,820</u>	<u>18,389,278</u>

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

	2017	2016
Directors	3	5
Management	3	4
Administration	4	29
Direct	1,296	1,229
	<u>1,306</u>	<u>1,267</u>

The average number of employees by undertakings that are proportionately consolidated during the year was 1,275.

	2017	2016
	£	£
Directors' remuneration	162,797	153,040
Directors' pension contributions to money purchase schemes	24,000	54,078
	<u>186,797</u>	<u>207,118</u>

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

	2017	2016
Money purchase schemes	<u>1</u>	<u>1</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2017

4. OPERATING PROFIT

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

	2017	2016
	£	£
Other operating leases	6,304,053	7,868,248
Depreciation - owned assets	357,079	377,979
Loss/(profit) on disposal of fixed assets	38,131	(13,433)
Other intangibles amortisation	833	-
Auditors' remuneration	(54)	-
Auditors' remuneration - audit of the parent company	3,375	3,375
Auditors' remuneration - audit of the subsidiaries	14,513	12,705
	<u> </u>	<u> </u>

5. EXCEPTIONAL ITEMS

	2017	2016
	£	£
Profit/loss on sale of operation	3,757,739	-
Legal fees re sale of investment	(759,604)	-
	<u> </u>	<u> </u>
	2,998,135	-
	<u> </u>	<u> </u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Bank interest	2	409
Loan interest	79,720	242,258
	<u> </u>	<u> </u>
	79,722	242,667
	<u> </u>	<u> </u>

7. TAXATION

Analysis of the tax charge

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

	2017	2016
	£	£
Current tax:		
UK corporation tax	770,323	459,251
Correction to prior year tax provision	111	-
	<u> </u>	<u> </u>
Total current tax	770,434	459,251
Deferred tax	743,727	79,722
	<u> </u>	<u> </u>
Tax on profit	1,514,161	538,973
	<u> </u>	<u> </u>

Tax effects relating to effects of other comprehensive income

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2017

7. TAXATION - continued

	Gross £	2016 Tax £	Net £
Transfer from revaluation reserve to retained earnings	(327,275)	-	(327,275)
	<u>(327,275)</u>	<u>-</u>	<u>(327,275)</u>

8. INDIVIDUAL PROFIT AND LOSS ACCOUNT

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.

9. INTANGIBLE FIXED ASSETS

Group

	Other intangibles £
COST	
Additions	25,000
At 31 March 2017	<u>25,000</u>
AMORTISATION	
Amortisation for year	833
At 31 March 2017	<u>833</u>
NET BOOK VALUE	
At 31 March 2017	<u>24,167</u>

Company

	Other intangibles £
COST	
Additions	25,000
At 31 March 2017	<u>25,000</u>
AMORTISATION	
Amortisation for year	833
At 31 March 2017	<u>833</u>
NET BOOK VALUE	
At 31 March 2017	<u>24,167</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2017

10. TANGIBLE FIXED ASSETS

Group	Freehold property £	Short leasehold £	Plant and machinery £
COST			
At 1 April 2016	4,342	1,405,721	1,730
Additions	-	265,228	-
Disposals	(4,342)	(1,670,949)	(1,730)
At 31 March 2017	-	-	-
DEPRECIATION			
At 1 April 2016	679	279,176	1,730
Charge for year	133	51,976	-
Eliminated on disposal	(812)	(331,152)	(1,730)
At 31 March 2017	-	-	-
NET BOOK VALUE			
At 31 March 2017	-	-	-
At 31 March 2016	3,663	1,126,545	-

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 April 2016	2,530,200	583,177	3,903	4,529,073
Additions	336,309	104,565	-	706,102
Disposals	(2,491,650)	(643,381)	(2,683)	(4,814,735)
At 31 March 2017	374,859	44,361	1,220	420,440
DEPRECIATION				
At 1 April 2016	1,156,409	307,656	2,853	1,748,503
Charge for year	234,021	70,543	406	357,079
Eliminated on disposal	(1,102,356)	(368,348)	(2,683)	(1,807,081)
At 31 March 2017	288,074	9,851	576	298,501
NET BOOK VALUE				
At 31 March 2017	86,785	34,510	644	121,939
At 31 March 2016	1,373,791	275,521	1,050	2,780,570

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2017

10. TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2016	4,342	663,191	53,189	720,722
Additions	-	-	34,715	34,715
Disposals	(4,342)	(416,563)	(58,353)	(479,258)
At 31 March 2017	-	246,628	29,551	276,179
DEPRECIATION				
At 1 April 2016	679	469,021	34,008	503,708
Charge for year	133	33,993	14,113	48,239
Eliminated on disposal	(812)	(318,379)	(38,270)	(357,461)
At 31 March 2017	-	184,635	9,851	194,486
NET BOOK VALUE				
At 31 March 2017	-	61,993	19,700	81,693
At 31 March 2016	3,663	194,170	19,181	217,014

11. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST OR VALUATION	
At 1 April 2016	11,743,463
Disposals	(474,052)
Revaluations in year	211,962
At 31 March 2017	11,481,373
NET BOOK VALUE	
At 31 March 2017	11,481,373
At 31 March 2016	11,743,463

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2017

11. **FIXED ASSET INVESTMENTS - continued**

Company

Cost or valuation at 31 March 2017 is represented by:

	Shares in group undertakings £
Valuation in 2006	1,823,921
Valuation in 2007	187,966
Valuation in 2014	2,304,094
Valuation in 2015	1,167,263
Valuation in 2016	1,721,699
Valuation in 2017	4,276,425
Cost	5
	<u>11,481,373</u>

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

	2017 £	2016 £
Cost	<u>5</u>	<u>7</u>

Fixed asset investments were valued on a net asset basis on 31 March 2017 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

Registered office:

Nature of business: Provision and maintenance of rented accommodation

	% holding
Class of shares:	
Ordinary	100.00

	2017 £	2016 £
Aggregate capital and reserves	6,696,476	3,021,885
Profit for the year	<u>3,674,591</u>	<u>458,047</u>

HMC Finance Limited

Registered office:

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

	% holding
Class of shares:	
Ordinary	100.00

	2017 £	2016 £
Aggregate capital and reserves	1,651,145	1,379,772
Profit for the year	<u>271,373</u>	<u>276,368</u>

HMC Group Ltd (Registered number: 05064708)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2017**

11. FIXED ASSET INVESTMENTS - continued

HMC Management Limited

Registered office:

Nature of business: Dormant

	%		
Class of shares:	holding		
Ordinary	100.00		

	2017	2016
	£	£
Aggregate capital and reserves	1	1
	<u>1</u>	<u>1</u>

HMC Land Limited

Registered office:

Nature of business: Property development

	%		
Class of shares:	holding		
Ordinary	100.00		

	2017	2016
	£	£
Aggregate capital and reserves	2,823,859	2,505,839
Profit for the year	318,020	1,014,646
	<u>318,020</u>	<u>1,014,646</u>

Select Living Limited

Registered office:

Nature of business: Management of retirement communities

	%		
Class of shares:	holding		
Ordinary	100.00		

	2017	2016
	£	£
Aggregate capital and reserves	(1,019)	2,905
(Loss)/profit for the year	(3,924)	5,366
	<u>(3,924)</u>	<u>5,366</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2017

11. FIXED ASSET INVESTMENTS - continued

Disposal of subsidiaries

On 10 January 2017, the group completed the sale of Helen McArdle Care Limited and HMC Homecare Limited. This disposal is analysed as follows:

Net assets disposed of:	£
Fixed assets	2,856,005
Debtors	4,664,169
Cash	2,511,094
Creditors	(9,388,543)
Deferred tax	(168,673)
	474,052
Profit on disposal	3,757,739
	4,231,791
Satisfied by:	
Cash	3,896,451
Deferred consideration	335,340
	4,231,791

The profit attributable to members of the parent company includes profits of £931,248 and £4,289 incurred by Helen McArdle Care Limited and HMC Homecare Limited respectively up to their date of disposal on 10 January 2017.

12. INVESTMENT PROPERTY

Group

	Total £
FAIR VALUE	
At 1 April 2016	11,497,969
Revaluations	3,929,819
	15,427,788
At 31 March 2017	
NET BOOK VALUE	
At 31 March 2017	15,427,788
	11,497,969
At 31 March 2016	

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2017

12. INVESTMENT PROPERTY - continued

Group

Cost or valuation at 31 March 2017 is represented by:

	£
Valuation in 2006	1,636,374
Valuation in 2017	3,929,819
Cost	9,861,595
	<u>15,427,788</u>

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

	2017	2016
	£	£
Cost	<u>9,861,595</u>	<u>9,861,595</u>

Investment property was valued on an open market basis on 31 March 2017 by the directors.

Company

	Total £
FAIR VALUE	
At 1 April 2016 and 31 March 2017	<u>4,427,788</u>
NET BOOK VALUE	
At 31 March 2017	<u>4,427,788</u>
At 31 March 2016	<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 2017.

13. STOCKS

	Group	
	2017	2016
	£	£
Freehold land for sale	<u>2,825,934</u>	<u>2,203,815</u>

Stock recognised in cost of sales during the year as an expense was £551,006 (2016: £2,689,213).

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2017

14. DEBTORS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	106,160	1,761,379	-	-
Amounts owed by group undertakings	-	-	443,694	2,529,786
Amounts owed by participating interests	-	20,000	-	20,000
Amounts receivable in respect of PFI contract	97,782	92,423	-	-
Other debtors	335,340	25,070	335,340	-
Corporation tax	-	21,341	-	-
Prepayments and accrued income	31,934	612,728	21,211	50,881
	<u>571,216</u>	<u>2,532,941</u>	<u>800,245</u>	<u>2,600,667</u>
Amounts falling due after more than one year:				
Amounts receivable in respect of PFI contracts	2,034,443	2,132,225	-	-
Other debtors	42,000	42,000	-	-
	<u>2,076,443</u>	<u>2,174,225</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>2,647,659</u>	<u>4,707,166</u>	<u>800,245</u>	<u>2,600,667</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts (see note 17)	452,001	452,001	-	-
Trade creditors	12,482	456,630	3,699	-
Amounts owed to group undertakings	-	-	506,400	164,212
Amounts owed to participating interests	1,691,123	11,706,148	1,691,123	11,706,148
Corporation tax	770,323	167,933	511,539	-
Social security and other taxes	33,349	1,044,628	16,029	28,606
Other creditors	217,239	1,399,462	13,293	11,970
Directors' current accounts	843,683	213,191	843,683	213,191
Accruals and deferred income	43,193	820,593	24,308	17,504
	<u>4,063,393</u>	<u>16,260,586</u>	<u>3,610,074</u>	<u>12,141,631</u>

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

	Group	
	2017	2016
	£	£
Bank loans (see note 17)	<u>3,684,000</u>	<u>4,136,000</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2017

17. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>452,001</u>	<u>452,001</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>452,000</u>	<u>452,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>1,306,000</u>	<u>1,356,000</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>1,926,000</u>	<u>2,328,000</u>

Bank loans in the subsidiaries of £950k and £3.186m are repayable by quarterly instalments at 0.90% above LIBOR and by monthly instalments at 1.00% above LIBOR respectively.

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	69,120	7,984,188
Between one and five years	103,680	31,743,072
In more than five years	-	148,320,588
	<u>172,800</u>	<u>188,047,848</u>

Company

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	69,120	129,120
Between one and five years	103,680	322,800
	<u>172,800</u>	<u>451,920</u>

HMC Group Ltd (Registered number: 05064708)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2017**

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2017	2016
	£	£
Bank loans	<u>4,136,001</u>	<u>4,588,001</u>

The unutilised bank overdraft is secured by a fixed and floating charge over the assets of HMC Group Ltd. The bank loan of £950k is secured by way of a fixed and floating charge over the assets of HMC Finance Limited. The bank loan of £3.186m is secured by a charge on land held by HMC Estates Limited at Wansbeck General Hospital and North Tyneside General Hospital.

20. FINANCIAL INSTRUMENTS

	2017	2016
	£	£
Financial assets		
Measured at fair value through profit or loss:	15,427,788	11,497,969
Measured at amortised cost:	2,647,659	4,665,825
Financial liabilities		
Measured at amortised cost:	4,408,915	7,264,686

21. PROVISIONS FOR LIABILITIES

	Group	
	2017	2016
	£	£
Deferred tax	<u>1,038,274</u>	<u>463,220</u>
Group		
		Deferred tax
		£
Balance at 1 April 2016		463,220
Revaluations of investment property		763,029
Released on disposal of subsidiary		(168,673)
Accelerated capital allowances		<u>(19,302)</u>
Balance at 31 March 2017		<u>1,038,274</u>

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2017	2016
			£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2017

22. CALLED UP SHARE CAPITAL - continued

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

23. RESERVES

Group

	Retained earnings £
At 1 April 2016	6,472,315
Profit for the year	6,675,185
At 31 March 2017	<u>13,147,500</u>

Company

	Retained earnings £
At 1 April 2016	6,766,863
Profit for the year	6,479,587
Revaluation of investment	211,962
At 31 March 2017	<u>13,458,412</u>

Retained earnings includes all current and prior period retained profits and losses.

24. 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.

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

	2017 £	2016 £
Management charges to associates	66,488	57,750
Rent paid to associates	6,304,053	7,868,248
Amount due from related party	-	20,000
Amount due to related party	1,691,123	11,706,148
Amount due to directors	843,683	213,191

During the year, a total of key management personnel compensation of £188,312 (2016: £207,118) was paid.

25. ULTIMATE CONTROLLING PARTY

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