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Registered number: 05794940

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**THE HOLMES CARE (GROUP) LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**THE HOLMES CARE (GROUP) LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Mr S Lakhani I Lakhani Miss S Lakhani
<b>Registered number</b>	05794940
<b>Registered office</b>	228 St Mary's Lane Upminster Essex RM14 3DH
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Priory Place New London Road Chelmsford Essex CM2 0PP

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**THE HOLMES CARE (GROUP) LIMITED**

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**CONTENTS**

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	<b>Page</b>
<b>Group strategic report</b>	<b>1 - 3</b>
<b>Directors' report</b>	<b>4 - 5</b>
<b>Independent auditor's report</b>	<b>6 - 8</b>
<b>Consolidated statement of comprehensive income</b>	<b>9</b>
<b>Consolidated balance sheet</b>	<b>10 - 11</b>
<b>Company balance sheet</b>	<b>12 - 13</b>
<b>Consolidated statement of changes in equity</b>	<b>14 - 15</b>
<b>Company statement of changes in equity</b>	<b>16</b>
<b>Consolidated Statement of cash flows</b>	<b>17 - 18</b>
<b>Notes to the financial statements</b>	<b>19 - 36</b>

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## THE HOLMES CARE (GROUP) LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

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#### Introduction and principal activities

The Directors present their Strategic Report and the financial statements for the year ended 31 March 2019.

The Group's principal activity is the operation of nursing homes. The Company's principal activity is that of a holding company for the other companies in the Group.

#### Business review

The Holmes Care Group is reporting a loss of £723k for the year ended 31 March 2019 (2018: profit £617k). There are two main drivers of this loss as follows:

- Loss on disposal of fixed asset of £1.267m and
- Impairment of assets following valuation of £700k

Without these two items the company would be reporting a profit of £1.264m which reflects the underlying trading position of the company.

In the year turnover has increased by 4.8% to £31.288m (2018: £29,831m). The group attracts referrals from the relevant local authorities however also attracts private residents to its homes and as a group the focus has been on this growing market.

Grandholm Care home has seen marked improvements during the financial year and made a positive contribution to the group's overall operating profit. Further progress will also be seen during 2019-2020.

Staffing has continued to be a challenge to the group and is a recognised industry issue however the group has seen significant reduction in agency use across the group but particularly within the Scottish homes. This is as a result of the strengthened internal recruitment team who work closely to support the homes with their recruitment needs.

All the above has resulted in an operating profit of £626k (2018: £2,246m).

Interest costs have fallen from last year at £1m. The group made a loss before taxation of £367k (2018: profit of £1,052m).

The Board are pleased with the progress the Group has made over the last year with some difficult areas being brought under control.

#### Group's ethos and overall objectives

The group continually reviews and improve its procedures to ensure they are fit for purpose. Shared Services aims to reduce as much administrative burden from the homes as possible to allow operations to focus on the day to day running of the care home. By ensuring all resources are utilised effectively this will drive improvements in performance.

The staff employed by the group are vital to its continued success. Average staff numbers for the period were 1,158 (2018: 1,192). Staff levels are regularly monitored by the group to ensure that the quality of service and care is maintained.

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## THE HOLMES CARE (GROUP) LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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#### Principal risks and uncertainties

The principal risks of the business remain unchanged are primarily twofold. Firstly, fee income. A significant element of the fee income is funded by local authorities who are under increasing pressures on their own budgets.

Secondly, the challenge in finding good quality staff and the increasing costs of labour. The difficulty in staff recruitment results in higher usage of more expensive agency staff, and the living wage is driving up the cost of employed staff. The local authority budgets are not augmented by these increases.

The group has significant properties included on its balance sheets with loan finance secured on these properties. Interest rate fluctuations are a threat to the group and the Directors closely monitor interest rate movements accordingly.

The group aims to minimise financial risk by the Directors preparing profit and cash flow forecasts, monitoring performance against these, and ensuring that adequate financing arrangements are in place.

#### Key performance indicators

The key performance indicators used by the Directors to assess the performance of the group are turnover, occupancy rates, staffing levels and staff costs, EBITDA and net assets.

There are also bank imposed covenant calculations that are externally reported quarterly but are measured internally monthly.

	2019 £	2018 £
Turnover	31,287,521	29,830,657
Average occupancy rates	90.4%	92.0%
Average number of employees	1,158	1,192
Staff costs	19,375,358	18,250,353
EBITDA*	4,211,696	3,801,527
Net assets	29,650,891	26,702,628

\* EBITDA is calculated as operating profit plus depreciation, amortisation, loss on disposal of assets and impairment.

#### Future developments

The group will continue to drive performance based on the success seen in the year and will ensure best practice is shared so all homes can benefit.

EBITDA margin growth for the entire group is expected to be delivered through further operational improvements and cost efficiencies being implemented across all the homes.

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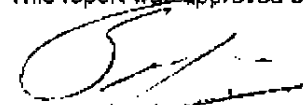
THE HOLMES CARE (GROUP) LIMITED

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GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2019

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This report was approved by the board on 14 February 2020 and signed on its behalf.



Mr S Lakhan  
Director

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## THE HOLMES CARE (GROUP) LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

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The directors present their report and the financial statements for the year ended 31 March 2019.

#### Results and dividends

The profit for the year, after taxation and minority interests, amounted to £722,735 (2018 - £516,900).

Dividends of £268,421 (2018: £Nil) have been paid out during the year.

#### Directors

The directors who served during the year were:

Mr S Lakhani  
I Lakhani  
Miss S Lakhani

#### Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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 UK 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and 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.

#### Employee involvement

The Group recognises the importance of employee involvement in increasing employees understanding of the organisation, utilising their talents, enabling them to influence decisions and thereby encouraging commitment to the goals of the organisation.

The Group believes that such involvement will improve efficiency, quality, increase job satisfaction and encourage an environment of co-operation.

In recognition of the importance of employee involvement the Group has devoted considerable time and effort to ensuring that employees are well informed about those aspects of its business which affect them.

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**THE HOLMES CARE (GROUP) LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2019**

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**Disabled employees**

In line with the policy on equal opportunities, the Group endeavours to fulfil its responsibilities towards disabled persons. In all job functions active consideration is given to the employment of disabled persons and all such vacancies are advised to the appropriate Job Centre to assist in this matter.

Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Disclosure of information to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *14 February 2020* and signed on its behalf.



**Mr S Lakhani**  
Director





**Grant Thornton**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOLMES CARE (GROUP) LIMITED**

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**Opinion**

We have audited the financial statements of The Holmes Care (Group) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2019, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Balance sheets, the Consolidated Statement of cash flows, the Consolidated and Company Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2019 and of the Group's loss 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOLMES CARE (GROUP) LIMITED  
(CONTINUED)**

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which 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.



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOLMES CARE (GROUP) LIMITED (CONTINUED)

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### Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of those financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

### Use of our report

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 an Auditor's report 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.

*Grant Thornton UK LLP*

James Brown LLB ACA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Chelmsford

Date:

*17 February 2020*

**THE HOLMES CARE (GROUP) LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover	4	31,287,521	29,830,657
Cost of sales		(23,445,948)	(22,952,030)
<b>Gross profit</b>		<b>7,841,573</b>	<b>6,878,627</b>
Administrative expenses		(5,228,124)	(4,633,119)
Administrative expenses - Loss on disposal of tangible fixed assets		(1,287,728)	-
Administrative expenses - Impairment		(700,000)	-
<b>Operating profit</b>	5	<b>625,721</b>	<b>2,245,508</b>
Interest payable and expenses	9	(992,431)	(1,193,116)
<b>(Loss)/profit before taxation</b>		<b>(366,710)</b>	<b>1,052,392</b>
Tax on (loss)/profit	10	(358,025)	(435,492)
<b>(Loss)/profit for the financial year</b>		<b>(722,735)</b>	<b>616,900</b>
Unrealised surplus on revaluation of tangible fixed assets		3,939,419	387,532
<b>Other comprehensive income for the year</b>		<b>3,939,419</b>	<b>387,532</b>
<b>Total comprehensive income for the year</b>		<b>3,216,684</b>	<b>1,004,432</b>
<b>(Loss)/profit for the year attributable to:</b>			
Non-controlling interests		(90,161)	32,786
Owners of the parent Company		(632,574)	584,114
		<b>(722,735)</b>	<b>616,900</b>
<b>Total comprehensive income for the year attributable to:</b>			
Non-controlling interests - equity movement		124,839	32,786
Owners of the parent Company		3,091,845	971,646
		<b>3,216,684</b>	<b>1,004,432</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of comprehensive income.

The notes on pages 19 to 36 form part of these financial statements.

**THE HOLMES CARE (GROUP) LIMITED**  
**REGISTERED NUMBER:05794940**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2019**


	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	12	24,079	27,089
Tangible assets	13	62,248,057	62,512,602
		<u>62,272,136</u>	<u>62,539,691</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	1,989,337	2,845,127
Cash at bank and in hand	16	1,113,418	498,901
		<u>3,102,755</u>	<u>3,144,028</u>
Creditors: amounts falling due within one year	17	(5,888,602)	(5,866,515)
<b>Net current liabilities</b>		<u>(2,783,847)</u>	<u>(2,522,487)</u>
<b>Total assets less current liabilities</b>		<u>59,488,289</u>	<u>60,017,204</u>
Creditors: amounts falling due after more than one year	18	(27,006,978)	(30,686,071)
<b>Provisions for liabilities</b>			
Deferred taxation	21	(2,830,420)	(2,628,505)
		<u>(2,830,420)</u>	<u>(2,628,505)</u>
<b>Net assets</b>		<u><u>29,650,891</u></u>	<u><u>26,702,628</u></u>

**THE HOLMES CARE (GROUP) LIMITED**  
**REGISTERED NUMBER: 05794940**

**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2019**

	Note	2019 £	2018 £
<b>Capital and reserves</b>			
Called up share capital	22	150,000	150,000
Revaluation reserve	23	10,435,341	6,710,922
Merger reserve	23	16,205,886	16,205,886
Profit and loss account	23	950,313	1,851,308
<b>Equity attributable to owners of the parent Company</b>		<u>27,741,540</u>	<u>24,918,116</u>
Non-controlling interests		1,909,351	1,784,512
		<u><u>29,650,891</u></u>	<u><u>26,702,628</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

*14 February 2020*  


**Mr S Lakhani**  
**Director**

The notes on pages 19 to 36 form part of these financial statements.

**THE HOLMES CARE (GROUP) LIMITED**  
**REGISTERED NUMBER: 05794940**

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	13	21,088	42,778
Investments	14	205,764	205,764
		<u>226,850</u>	<u>248,542</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	36,321,383	36,310,578
Cash at bank and in hand	16	1,111,303	487,463
		<u>37,432,686</u>	<u>36,798,041</u>
Creditors: amounts falling due within one year	17	(10,161,325)	(5,807,319)
<b>Net current assets</b>		<u>27,271,371</u>	<u>30,990,722</u>
<b>Total assets less current liabilities</b>		<u>27,498,221</u>	<u>31,239,264</u>
Creditors: amounts falling due after more than one year	18	(27,006,978)	(30,891,935)
<b>Provisions for liabilities</b>			
Deferred taxation	21	-	(5,507)
		<u>-</u>	<u>(5,507)</u>
<b>Net assets</b>		<u><u>491,243</u></u>	<u><u>341,822</u></u>

THE HOLMES CARE (GROUP) LIMITED  
REGISTERED NUMBER:05794940

COMPANY BALANCE SHEET (CONTINUED)  
AS AT 31 MARCH 2019

		31 March 2019 £	As restated 31 March 2018 £
	Note		
<b>Capital and reserves</b>			
Called up share capital	22	150,000	150,000
Profit and loss account	23	341,243	191,822
		<u>491,243</u>	<u>341,822</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £404,421 (2018 - £170,872).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on: *14 February 2020*

  
Mr S Lakhani  
Director

The notes on pages 19 to 36 form part of these financial statements.



THE HOLMES CARE (GROUP) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital £	Revaluation reserve £	Merger reserve £	Profit and loss account £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
At 1 April 2018	150,000	6,710,922	16,205,886	1,851,308	24,918,116	1,784,512	26,702,628
Comprehensive income for the year	-	-	-	(632,574)	(632,574)	(90,161)	(722,735)
Loss for the year	-	-	-	-	-	-	-
Surplus on revaluation of freehold property	-	3,724,419	-	-	3,724,419	-	3,724,419
Surplus on revaluation of freehold property	-	-	-	-	-	215,000	215,000
Other comprehensive income for the year	-	3,724,419	-	-	3,724,419	215,000	3,939,419
Total comprehensive income for the year	-	3,724,419	-	(632,574)	3,091,845	124,839	3,216,884
Dividends: Equity capital	-	-	-	(268,421)	(268,421)	-	(268,421)
Total transactions with owners	-	-	-	(268,421)	(268,421)	-	(268,421)
At 31 March 2019	150,000	10,435,341	16,205,886	950,313	27,741,540	1,909,351	29,650,891

The notes on pages 19 to 35 form part of these financial statements.

THE HOLMES CARE (GROUP) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Revaluation reserve	Merger reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 April 2017	150,000	6,323,390	16,205,886	1,267,194	23,946,470	1,751,726	25,698,196
Comprehensive income for the year	-	-	-	584,114	584,114	13,409	597,523
Profit for the year	-	-	-	-	-	-	-
Surplus on revaluation of freehold property	-	387,532	-	-	387,532	-	387,532
Surplus on revaluation of freehold property	-	-	-	-	-	19,377	19,377
Other comprehensive income for the year	-	387,532	-	-	387,532	19,377	406,909
Total comprehensive income for the year	-	387,532	-	584,114	971,646	32,786	1,004,432
Total transactions with owners	-	-	-	-	-	-	-
At 31 March 2018	150,000	6,710,922	16,205,886	1,851,308	24,918,116	1,784,512	26,702,628

The notes on pages 19 to 36 form part of these financial statements.

**THE HOLMES CARE (GROUP) LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	150,000	191,822	341,822
<b>Comprehensive income for the year</b>			
Profit for the year	-	404,421	404,421
	-	404,421	404,421
<b>Total comprehensive income for the year</b>			
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(255,000)	(255,000)
<b>At 31 March 2019</b>	<b>150,000</b>	<b>341,243</b>	<b>491,243</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	150,000	20,950	170,950
<b>Comprehensive income for the year</b>			
Profit for the year	-	170,872	170,872
	-	170,872	170,872
<b>Total comprehensive Income for the year</b>			
<b>At 31 March 2018</b>	<b>150,000</b>	<b>191,822</b>	<b>341,822</b>

The notes on pages 19 to 36 form part of these financial statements.

**THE HOLMES CARE (GROUP) LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial year	(366,710)	616,900
<b>Adjustments for:</b>		
Amortisation of intangible assets	3,010	(6,351)
Depreciation of tangible assets	1,595,237	1,562,370
Impairments of fixed assets	700,000	-
Loss on disposal of tangible assets	1,287,728	-
Interest paid	992,431	1,193,116
Taxation charge	-	435,492
Decrease in debtors	655,790	224,418
Increase/(decrease) in creditors	74,501	(270,869)
Corporation tax (paid)	(618,188)	(323,831)
<b>Net cash generated from operating activities</b>	<b>4,323,799</b>	<b>3,431,245</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(578,266)	(313,540)
Sale of tangible fixed assets	1,538,508	-
<b>Net cash from investing activities</b>	<b>962,242</b>	<b>(313,540)</b>

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THE HOLMES CARE (GROUP) LIMITED

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2019

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	2019 £	2018 £
<b>Cash flows from financing activities</b>		
Repayment of loans	(3,679,093)	(2,130,975)
Repayment of/new finance leases	-	(2,050)
Interest paid	(992,431)	(1,193,116)
<b>Net cash used in financing activities</b>	<b>(4,671,524)</b>	<b>(3,326,141)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>614,517</b>	<b>(208,436)</b>
Cash and cash equivalents at beginning of year	498,901	707,337
<b>Cash and cash equivalents at the end of year</b>	<b>1,113,418</b>	<b>498,901</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,113,418	498,901

The notes on pages 19 to 36 form part of these financial statements.

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## THE HOLMES CARE (GROUP) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 1. General information

The Holmes Care (Group) Limited is private company limited by shares incorporated in England and Wales. The registered office address is 228 St Mary's Lane, Upminster, Essex, RM14 3DH.

The Group's principal activity is the operation of nursing homes. The Company's principal activity is that of a holding company for the other companies in the Group.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The Company has also taken advantage of the exemptions not to present its own Statement of Cash Flows and disclose its own key management personnel remuneration as this information is included in the consolidated financial statements.

The Group's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Group for the year ended 31 March 2019.

The following principal accounting policies have been applied:

##### 2.2 Going concern

The Group has a substantial property portfolio from which it operates its nursing homes. At the year end these were financed through loan facilities with one funder. The directors are satisfied that the Group has the financing available to meet its needs for the foreseeable future. The directors have prepared cash flow forecasts to 28 February 2021 which show continued cash generation for the Group and no requirement for further funding beyond the existing facility.

After considering the above the directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

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## THE HOLMES CARE (GROUP) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 2. Accounting policies (continued)

##### 2.3 Basis of consolidation

The consolidated financial statements present the results of the Holmes Care (Group) Limited and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 31 July 2014.

Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

111 The following subsidiary companies have claimed exemption from audit under the provisions of section 479A of the Companies Act 2006. The Holmes Care (Group) Limited has provided a guarantee over those subsidiaries' liabilities under section 479C of the Act: 1

✓ Aviemore Homes Limited (Company number: SC281177)  
Central Care Limited (Company number: SC149922)  
Flagship Tower (Greenock) Limited (Company number: 05438851)  
Heatherfield Community Care Limited (Company number: SC186501)  
Holmes Care (Nelson) Limited (Company number: 06409179)  
✓ Lakewood Limited (Company number: 04076355) ✓  
Morar Properties Limited (Company number: SC281176)  
The Holmes Care Limited (Company number: 02986419)  
The Holmes Care (Bathgate) Limited (Company number: 06450863)  
The Holmes Care (Greenock) Limited (Company number: 06457416)  
The Holmes Care Group (GB) Limited (Company number: 08661471)  
The Holmes Care Holdings Limited (Company number: 08393127)  
Tower Bridge Homes Care (Central Care) Limited (Company number: SC308535)

##### 2.4 Revenue

Turnover comprises revenue recognised by the Group in respect of the provision of care through the operation of a nursing home during the period. Revenue is recognised based on the period for which the care has been provided.

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## THE HOLMES CARE (GROUP) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 2. Accounting policies (continued)

##### 2.5 Intangible assets

###### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life of ten years.

##### 2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% Straight Line
Motor vehicles	- 20% - 22.5% Straight Line
Fixtures and fittings	- 20% - 33% Straight Line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

##### 2.7 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.



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## THE HOLMES CARE (GROUP) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 2. Accounting policies (continued)

##### 2.8 Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

##### 2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

##### 2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

##### 2.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the Balance sheet date.

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## THE HOLMES CARE (GROUP) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 2. Accounting policies (continued)

##### 2.11 Financial Instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### 2.12 Creditors

Short term 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.

##### 2.13 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

##### 2.15 Pensions

###### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

##### 2.16 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

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## THE HOLMES CARE (GROUP) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 2. Accounting policies (continued)

##### 2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

##### 2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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THE HOLMES CARE (GROUP) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

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3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenues and expenses during the year. The key areas of judgement and estimation uncertainty are set out below:

**Revaluation of property**

The Group carries its freehold property at valuation and the directors engage an independent valuation specialist to determine the fair value of the freehold property on a periodic basis. Freehold property is valued on an open market value basis in accordance with the requirements of FRS 102.

**Bad debt provision**

The Group makes a provision for bad debts in the financial statements. The bad debt provision is calculated based on the nature and the ageing of the debt.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Group.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	1,595,237	1,562,370
Amortisation of intangible assets, including goodwill	3,010	(6,351)

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	26,500	30,500
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	16,350	20,350
Taxation advisory services	39,568	3,260
Accounts preparation services	1,500	1,500

**THE HOLMES CARE (GROUP) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
Wages and salaries	17,974,826	17,018,776	1,083,954	989,791
Social security costs	1,215,133	1,145,604	104,242	104,440
Cost of defined contribution scheme	185,399	85,973	9,585	4,789
	<b>19,375,358</b>	<b>18,250,353</b>	<b>1,197,781</b>	<b>1,099,020</b>

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

<b>2019 No.</b>	<b>2018 No.</b>
<b>1,158</b>	<b>1,192</b>

During the year, the company had an average monthly number of employees of 28 (2018: 29).

**8. Directors' remuneration**

	<b>2019 £</b>	<b>2018 £</b>
Directors' emoluments	<b>126,174</b>	<b>106,367</b>

**9. Interest payable and similar expenses**

	<b>2019 £</b>	<b>2018 £</b>
Bank interest payable	<b>992,431</b>	<b>1,193,116</b>

**THE HOLMES CARE (GROUP) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**10. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	532,506	390,944
Adjustments in respect of previous periods	(17,753)	6,061
<b>Total current tax</b>	<u>514,753</u>	<u>397,005</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(158,728)	38,487
<b>Total deferred tax</b>	<u>(158,728)</u>	<u>38,487</u>
<b>Taxation on profit on ordinary activities</b>	<u>356,025</u>	<u>435,492</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
(Loss)/profit on ordinary activities before tax	<u>(366,710)</u>	<u>1,052,392</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of XXX% (2018: 19%)	(69,675)	198,314
<b>Effects of:</b>		
Non-tax deductible amortisation and impairment	133,572	14,612
Expenses not deductible for tax purposes, other than amortisation and impairment	44,614	340
Fixed asset differences	485,190	215,720
Adjustments to tax charge in respect of prior periods	(17,753)	6,061
Adjust deferred tax to closing rate	(6,440)	445
Deferred tax not recognised	(213,483)	-
<b>Total tax charge for the year</b>	<u>356,025</u>	<u>435,492</u>

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**THE HOLMES CARE (GROUP) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**11. Parent company profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £404,421 (2018 - £170,872).

**12. Intangible assets**

**Group**

	Goodwill £	Negative goodwill £	Total £
<b>Cost</b>			
At 1 April 2018	805,016	(280,772)	524,244
At 31 March 2019	<u>805,016</u>	<u>(280,772)</u>	<u>524,244</u>
<b>Amortisation</b>			
At 1 April 2018	777,927	(280,772)	497,155
Charge for the year	3,010	-	3,010
At 31 March 2019	<u>780,937</u>	<u>(280,772)</u>	<u>500,165</u>
<b>Net book value</b>			
At 31 March 2019	<u>24,079</u>	<u>-</u>	<u>24,079</u>
At 31 March 2018	<u>27,089</u>	<u>-</u>	<u>27,089</u>

Amortisation of intangible assets is included in administrative expenses.

**THE HOLMES CARE (GROUP) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**13. Tangible fixed assets**

**Group**

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 April 2018	64,374,838	253,754	3,403,611	68,032,203
Additions	-	-	576,266	576,266
Disposals	(3,180,000)	-	(5,936)	(3,185,936)
Revaluations	355,162	-	-	355,162
At 31 March 2019	61,550,000	253,754	3,973,941	65,777,695
<b>Depreciation</b>				
At 1 April 2018	2,392,800	226,554	2,900,247	5,519,601
Charge for the year on owned assets	1,192,400	9,400	393,437	1,595,237
On revalued assets	(3,585,200)	-	-	(3,585,200)
At 31 March 2019	-	235,954	3,293,684	3,529,638
<b>Net book value</b>				
At 31 March 2019	61,550,000	17,800	680,257	62,248,057
At 31 March 2018	61,982,038	27,200	503,364	62,512,602

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
<b>Freehold</b>	61,550,000	61,982,038

Included in Group freehold property is land not subject to depreciation of £5,879,275 (2018: £5,879,275). Included in fixed assets are land and buildings and other assets of £1,370,000 (2018: £4,550,000) which are awaiting construction and are therefore not depreciated.

The freehold land and buildings were revalued in March 2019 by Cushman and Wakefield, on an open market values basis, in accordance with the RICS Appraisal and Valuation Manual.



THE HOLMES CARE (GROUP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

13. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2019 £	2018 £	
<b>Group</b>			
Cost	31,814,740	34,645,602	
Accumulated depreciation	(3,299,677)	(2,724,350)	
<b>Net book value</b>	<b>28,515,063</b>	<b>31,921,252</b>	
<b>Company</b>			
	<b>Fixtures and fittings £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 April 2018	4,316	50,782	55,098
Disposals	-	(5,936)	(5,936)
At 31 March 2019	4,316	44,846	49,162
<b>Depreciation</b>			
At 1 April 2018	2,711	9,609	12,320
Charge for the year on owned assets	976	14,780	15,756
At 31 March 2019	3,687	24,389	28,076
<b>Net book value</b>			
At 31 March 2019	629	20,457	21,086
At 31 March 2018	1,605	41,173	42,778

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**THE HOLMES CARE (GROUP) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**14. Fixed asset investments**

**Company**

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 April 2018	205,764
At 31 March 2019	<u>205,764</u>
<b>Net book value</b>	
At 31 March 2019	<u>205,764</u>
At 31 March 2018	<u>205,764</u>

**15. Debtors**

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	1,306,635	1,605,511	-	-
Amounts owed by group undertakings	-	-	36,320,959	36,310,578
Amounts owed by joint ventures and associated undertakings	-	45,711	-	-
Other debtors	259,111	320,121	-	-
Prepayments and accrued income	423,591	673,784	-	-
Deferred taxation	-	-	434	-
	<u>1,989,337</u>	<u>2,645,127</u>	<u>36,321,393</u>	<u>36,310,578</u>

**THE HOLMES CARE (GROUP) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**16. Cash and cash equivalents**

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Cash at bank and in hand	<u>1,113,418</u>	<u>498,901</u>	<u>1,111,303</u>	<u>487,463</u>

**17. Creditors: Amounts falling due within one year**

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Bank loans	<b>2,560,000</b>	<i>2,560,000</i>	<b>2,560,000</b>	<i>2,560,000</i>
Trade creditors	<b>234,107</b>	<i>272,593</i>	-	-
Amounts owed to group undertakings	-	-	<b>7,560,863</b>	<i>3,195,284</i>
Amounts owed to related parties	<b>279,585</b>	<i>52,942</i>	-	-
Corporation tax	<b>499,378</b>	<i>602,813</i>	<b>40,462</b>	<i>52,035</i>
Other taxation and social security	<b>270,621</b>	<i>265,082</i>	-	-
Other creditors	<b>562,451</b>	<i>265,163</i>	-	-
Accruals and deferred income	<b>1,480,460</b>	<i>1,647,922</i>	-	-
	<u><b>5,886,602</b></u>	<u><i>5,666,515</i></u>	<u><b>10,161,325</b></u>	<u><i>5,807,319</i></u>

Bank loans are secured on the Group's freehold land and buildings by HSBC.

The loan is repayable by quarterly installments. Interest is payable quarterly in arrears and is charged at a rate of 2.50% over LIBOR, the term of the loan is 5 years.

**18. Creditors: Amounts falling due after more than one year**

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Bank loans	<u><b>27,006,978</b></u>	<u><i>30,686,071</i></u>	<u><b>27,006,978</b></u>	<u><i>30,891,935</i></u>

Bank loans are secured on the Group's freehold land and buildings by HSBC.

The loan is repayable by quarterly installments. Interest is payable quarterly in arrears and is charged at a rate of 2.50% over LIBOR, the term of the loan is 5 years.

**THE HOLMES CARE (GROUP) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**19. Loans**

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
<b>Amounts falling due within one year</b>				
Bank loans	2,560,000	2,560,000	2,560,000	2,560,000
	<u>2,560,000</u>	<u>2,560,000</u>	<u>2,560,000</u>	<u>2,560,000</u>
<b>Amounts falling due 1-2 years</b>				
Bank loans	27,006,978	30,686,071	27,006,978	30,891,935
	<u>27,006,978</u>	<u>30,686,071</u>	<u>27,006,978</u>	<u>30,891,935</u>
	<u>29,566,978</u>	<u>33,246,071</u>	<u>29,566,978</u>	<u>33,451,935</u>

Bank loans are secured on the Group's freehold land and buildings by HSBC.

The loan is repayable by quarterly instalments. Interest is payable quarterly in arrears and is charged at a rate of 2.50% over LIBOR, the term of the loan is 5 years.

**20. Financial instruments**

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	2,679,164	2,470,244	37,177,262	36,798,041
	<u>2,679,164</u>	<u>2,470,244</u>	<u>37,177,262</u>	<u>36,798,041</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(32,277,120)	(35,484,691)	(37,127,841)	(36,647,219)
	<u>(32,277,120)</u>	<u>(35,484,691)</u>	<u>(37,127,841)</u>	<u>(36,647,219)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, amounts owed by group undertakings, amounts owed by related parties and other debtors.

Financial liabilities measured at amortised cost comprise bank overdrafts, bank loans, trade creditors, amounts owed by group undertakings, other creditors and accruals.

THE HOLMES CARE (GROUP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

21. Deferred taxation

Group

	2019 £	2018 £
At beginning of year	(2,628,505)	(2,974,103)
(Charged)/credited to the profit or loss	158,728	(38,487)
Credited to other comprehensive income	(360,643)	387,532
Other movements	-	(3,447)
<b>At end of year</b>	<b>(2,830,420)</b>	<b>(2,628,505)</b>

Company

	2019 £	2018 £
At beginning of year	(5,507)	-
Charged to profit or loss	5,941	(5,507)
<b>At end of year</b>	<b>434</b>	<b>(5,507)</b>

The provision for deferred taxation is made up as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Accelerated capital allowances	(575,393)	(713,279)	310	(5,631)
Short term timing differences	7,313	1,927	124	124
Capital gains	(2,262,340)	(1,917,153)	-	-
	<b>(2,830,420)</b>	<b>(2,628,505)</b>	<b>434</b>	<b>(5,507)</b>

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THE HOLMES CARE (GROUP) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

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22. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
150,000 (2018: 150,000) Ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>

Share capital represents the nominal value of shares that have been issued. The shares carry voting rights and an entitlement to dividends.

23. Reserves

**Revaluation reserve**

This reserve represents the surplus or deficit arising on the revaluation of an asset.

**Merger Reserve**

This reserve records amounts arising on the acquisition of subsidiary companies.

**Profit and loss account**

This reserve includes all current and prior period retained profits and losses.

24. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to be £185,399 (2018: £85,973).

Contributions totalling £41,533 (2018: £19,559) were payable to the fund at the Balance sheet date and are included in creditors.

25. Related party transactions

The Group owed £255,107 (2018: £Nil) to Care Cottage Limited, a company controlled by a director, S Lakhani. The Group was charged £150,000 (2018: £150,000) by Care Cottage Limited for rental of office premises.

The Group was owed £259,108 (2018: £185,323) by S Lakhani, a director of the Group. This balance is included in other debtors.

Key management personnel remuneration totaled £348,945 (2018: £432,418).

26. Controlling party

Due to the nature of the shareholdings in the Company, there is no ultimate controlling party.

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**THE HOLMES CARE (GROUP) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**27. Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Aviemore Homes Limited	Ordinary	95%	Operation of care homes
Central Care Limited	Ordinary	95%	Operation of care homes
Flagship Tower (Greenock) Limited	Ordinary	95%	Operation of care homes
Heatherfield Community Care Limited	Ordinary	95%	Operation of care homes
Lakewood Limited	Ordinary	95%	Operation of care homes
The Holmes Care Limited	Ordinary	100%	Operation of care homes
Tower Bridge Homes Care Limited	Ordinary	95%	Operation of care homes
The Holmes Care (Bathgate) Limited	Ordinary	95%	Holding company
The Holmes Care (Greenock) Limited	Ordinary	95%	Holding company
Tower Bridge Homes Care (Central Care) Limited	Ordinary	95%	Holding company
Holmes Care (Inverness) Limited	Ordinary	95%	Dormant
Holmes Care (Mugiemoss) Limited	Ordinary	95%	Dormant
Holmes Care (Nelson-1) Limited	Ordinary	95%	Dormant
Lakewood Leisure Limited	Ordinary	95%	Dormant
The Holmes Care Holdings Limited	Ordinary	95%	Holding company
Tower Bridge Homes Care (Primrose) Limited	Ordinary	95%	Dormant
The Holmes Care Group (GB) Limited	Ordinary	95%	Holding company