

Company Registration No. 05616585 (England and Wales)

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LIFHC Properties Limited  
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H Care Limited

Annual report and financial statements

For the year ended 31 March 2016

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COMPANIES HOUSE		
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A20	12/10/2016	#426
COMPANIES HOUSE		



**mgr.westonkay**

CHARTERED ACCOUNTANTS

55 Loudoun Road

St John's Wood

London NW8 0DL

# **H CARE LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	P J Brasier A M de Savary H J de Savary P A de Savary G K S Pell R I Nunn D S Patel A F Rosenbach M A Quantock Shuldham B D Marchant
<b>Secretary</b>	A M de Savary
<b>Company number</b>	05616585
<b>Registered office</b>	55 Loudoun Road St John's Wood London NW8 0DL
<b>Auditors</b>	MGR Weston Kay LLP 55 Loudoun Road St John's Wood London NW8 0DL
<b>Bankers</b>	Yorkshire Bank 94 Albion Street Leeds LS1 6AG

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# **H CARE LIMITED**

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# **H CARE LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present the strategic report for the year ended 31 March 2016.

#### **Fair review of the business**

The group increased its turnover by 17.4% (18.1%) during the year under review. One new Home with 6 registered rooms was opened in October and of the 79 available rooms at the end of the year 76 are occupied. An additional Home with 8 registered rooms has been constructed and will be commissioned shortly and 3 placements have already been confirmed and assessments for further places are being undertaken. To cope with the continued demand for the group's services a further Home of 8 registered rooms, for which all permissions and funding has been obtained, will be started.

The group's direct costs, which are dominated by wage costs for the homes, increased by 19.3% (2015: 14.4%) and recurring administrative expenses increased by 21.6% (2015: 20.6%). Staff costs in the current year will reflect the new Living Wage implemented in April.

Following the successful operation of an internal short term staff supply operation a new service was started during the year providing external agency workers. The group has moved to new offices in Lincoln as the requirements for training capacity and general office space have outstripped the previous office arrangements. A 5 year tail end lease has been entered into on advantageous terms, which has allowed the group to refurbish the building to a standard and layout that is in keeping with the group's aims and needs.

In addition to the agreement to finance the new Homes, a facility was completed in March 2016 with the bank so that almost 50% of the original Loan Notes were repaid including the accrued interest dating back to 2006-2007 together with other short term loans.

#### **Principal risks and uncertainties**

The directors consider the main risks faced by the business are those relating to the provision of substandard care, failure to respond to changes in legislation and funding policy. The directors are aware of these risks and accordingly have developed sophisticated care planning and recording systems to ensure that the group's care users receive the best quality of care while keeping fully up to date with current and proposed legislation and regulations. Funding policy is regularly reviewed, recognising that we have been operation in a low interest environment, so that these main risks are mitigated as far as possible.

#### **Development and performance**

The directors are pleased with the results for the year and are confident regarding the group's future trading prospects.

#### **Position of the Group at the Year End**

In the opinion of the directors, the group is in a strong position at the year-end having enjoyed further growth during the year and shareholders' funds increasing to £8.71m.

Under the new accounting standard FRS 102 we have had to provide for the potential tax on any future disposal of the group's properties even though these are the essential part of our operations and there is no intention of so disposing. The deferred tax charge is shown against last year as there has been no revaluation this year but it has the effect of reducing shareholders' funds for both years.

#### **Key performance indicators**

The group's management continually monitors the performance of the homes regarding the quality of the care provision. In addition it reviews monthly management information including management accounts, occupancy ratios and staffing requirements. It works with the Care Quality Commission to ensure that the standard of care provided is in line with or exceeds the national standard. The main key financial performance indicators are sales growth referred to above and the gross profit margin which was 44.2%.

## **H CARE LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2016**

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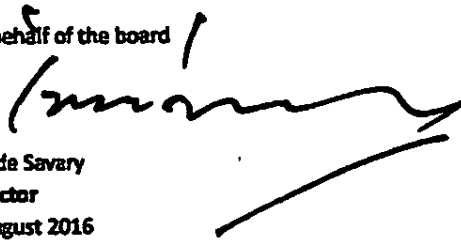
#### **New Directors**

Alan Rosenbach, formerly the Senior Strategy Lead at the Care Quality Commission, and Mel Shuldham, a corporate lawyer who has previously acted for the company, have both joined the board as non-executive directors. Gennie Miller has stood down and joined the board of Home From Home Care Limited as a non-executive director.

On behalf of the board

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P A de Savary  
Director  
8 August 2016



# **H CARE LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present their annual report and financial statements for the year ended 31 March 2016

#### **Principal activities**

The principal activity of the group continued to be the provision and operation of care homes for people with learning disabilities and autism

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows

P J Brasier	
A M de Savary	
H J de Savary	
P A de Savary	
G K S Pell	
R I Nunn	
D S Patel	
G E Miller	(Resigned 31 March 2016)
A F Rosenbach	(Appointed 31 March 2016)
M A Quantock Shuldham	(Appointed 31 March 2016)
B D Marchant	

#### **Results and dividends**

The results for the year are set out on page 8

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Financial Instruments**

The group has a normal level of exposure to price, credit, liquidity and cash flow risk arising from trading activities which are only conducted in sterling. The group does not enter into any lending transactions.

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

## H CARE LIMITED

### DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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#### Future developments

During the year an additional Home with 6 rooms was completed and commissioned and the next stage of the development programme, an 8 room Home, is nearing completion. This has increased capacity to 87 rooms and at the year end the number of existing Service Users and of confirmed placements was 77 with other assessments being undertaken. The final stage of the development to increase capacity to 95 rooms will take place subsequently with facilities for this agreed with the bank.

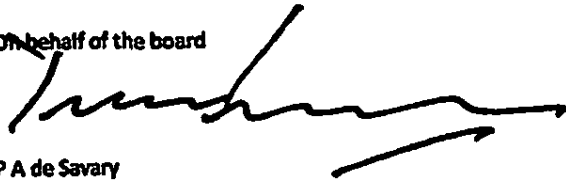
#### Auditor

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

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board



P A de Savary

Director

8 August 2016

## **H CARE LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

#### **FOR THE YEAR ENDED 31 MARCH 2016**

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The directors are responsible for preparing the Annual Report 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 group and company, 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 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 and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **H CARE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE MEMBERS OF H CARE LIMITED**

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We have audited the financial statements of H Care Limited for the year ended 31 March 2016 set out on pages 8 to 32. 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 FRS 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 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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 annual report 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 the parent company's affairs as at 31 March 2016 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **H CARE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

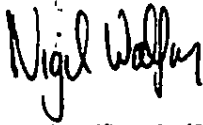
#### **TO THE MEMBERS OF H CARE LIMITED**

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**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.



**Nigel Walfisz FCA (Senior Statutory Auditor)**

**for and on behalf of MGR Weston Kay LLP**

**Chartered Accountants**

**Statutory Auditor**

55 Loudoun Road

St John's Wood

London

NW8 0DL

21 September 2016

# H CARE LIMITED

## GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

		2016	2015 as restated (See note 26)
	Notes	£	£
Turnover	3	8,436,951	7,196,813
Cost of sales		(4,709,915)	(3,948,484)
<b>Gross profit</b>		<b>3,727,036</b>	<b>3,248,329</b>
Administrative expenses		(2,335,996)	(1,921,672)
Other operating expenses		(2,819)	(8,110)
Exceptional item	4	(83,362)	(43,250)
<b>Operating profit</b>	5	<b>1,304,859</b>	<b>1,275,297</b>
Interest payable and similar charges	9	(554,669)	(516,104)
Adjustment on disposal of investments	10	28,824	-
<b>Profit before taxation</b>		<b>779,014</b>	<b>759,193</b>
Taxation	11	(181,777)	267,625
<b>Profit for the financial year</b>		<b>597,237</b>	<b>1,026,818</b>
Profit for the financial year is attributable to:			
- Owners of the parent company		599,017	1,026,818
- Non-controlling interests		(1,780)	-
		<b>597,237</b>	<b>1,026,818</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations

## H CARE LIMITED

### GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

	2016	2015 as restated (See note 26)
	£	£
<b>Profit for the year</b>	<b>597,237</b>	<b>1,026,818</b>
<b>Other comprehensive income</b>		
Revaluation of tangible fixed assets	-	1,512,528
Tax relating to other comprehensive income	352,190	(113,088)
<b>Other comprehensive income for the year</b>	<b>352,190</b>	<b>1,399,440</b>
<b>Total comprehensive income for the year</b>	<b>949,427</b>	<b>2,426,258</b>
<b>Total comprehensive income for the year is attributable to:</b>		
- Owners of the parent company	951,207	2,426,258
- Non-controlling interests	(1,780)	-
	<b>949,427</b>	<b>2,426,258</b>

# H CARE LIMITED

## GROUP BALANCE SHEET

AS AT 31 MARCH 2016

		2016	2015
			as restated (See note 26)
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	12	23,613,020	20,614,377
<b>Current assets</b>			
Debtors	14	707,869	621,329
Cash at bank and in hand		278,469	19,802
		986,338	641,131
<b>Creditors: amounts falling due within one year</b>	15	(2,288,094)	(1,720,892)
<b>Net current liabilities</b>		(1,301,756)	(1,079,761)
<b>Total assets less current liabilities</b>		22,311,264	19,534,616
<b>Creditors: amounts falling due after more than one year</b>	16	(13,541,649)	(11,709,113)
<b>Provisions for liabilities</b>	18	(87,112)	(63,604)
<b>Net assets</b>		8,682,503	7,761,899
<b>Capital and reserves</b>			
Called up share capital	19	4,000	4,000
Revaluation reserve		9,626,515	9,274,325
Profit and loss reserves		(917,408)	(1,516,426)
<b>Equity attributable to owners of the parent company</b>		8,713,107	7,761,899
<b>Non-controlling interests</b>		(30,604)	-
		8,682,503	7,761,899

The financial statements were approved by the board of directors and authorised for issue on 8 August 2016 and are signed on its behalf by:

  
P A de Savary  
Director


# H CARE LIMITED

## COMPANY BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Investments	13		85,184		85,037
<b>Current assets</b>					
Debtors - deferred tax	13	173,491		331,229	
Debtors - other	14	1,559,602		4,358,099	
Cash at bank and in hand		239,773		105	
		<u>1,972,866</u>		<u>4,689,433</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(242,045)</u>		<u>(10,520)</u>	
<b>Net current assets</b>			<u>1,730,821</u>		<u>4,678,913</u>
<b>Total assets less current liabilities</b>			<u>1,816,005</u>		<u>4,763,950</u>
<b>Creditors: amounts falling due after more than one year</b>	16		<u>(2,457,578)</u>		<u>(5,175,886)</u>
<b>Net liabilities</b>			<u><u>(641,573)</u></u>		<u><u>(411,936)</u></u>
<b>Capital and reserves</b>					
Called up share capital	19		4,000		4,000
Profit and loss reserves			<u>(645,573)</u>		<u>(415,936)</u>
<b>Total equity</b>			<u><u>(641,573)</u></u>		<u><u>(411,936)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 8 August 2016 and are signed on its behalf by:

  
P A de Savary  
Director

Company Registration No. 05616583

# H CARE LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital	Revaluation reserve	Profit and loss reserves	Total controlling interest	Non- controlling interest	Total
		£	£	£	£	£	£
Balance at 1 April 2014		4,000	10,227,123	(2,543,244)	7,687,879	-	7,687,879
Effect of transition to FRS 102		-	(2,352,238)	-	(2,352,238)	-	(2,352,238)
As restated		4,000	7,874,885	(2,543,244)	5,335,641	-	5,335,641
Year ended 31 March 2015:							
Profit for the year		-	-	1,026,818	1,026,818	-	1,026,818
Other comprehensive Income.							
Revaluation of tangible fixed assets		-	1,512,528	-	1,512,528	-	1,512,528
Tax relating to other comprehensive Income		-	(113,088)	-	(113,088)	-	(113,088)
Total comprehensive income for the year		-	1,399,440	1,026,818	2,426,258	-	2,426,258
Balance at 31 March 2015		4,000	9,274,325	(1,516,426)	7,761,899	-	7,761,899

# H CARE LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
Year ended 31 March 2016:							
Profit / (Loss) for the year		-	-	599,017	599,017	(1,780)	597,237
Other comprehensive income:							
Tax relating to other comprehensive income		-	352,190	-	352,190	-	352,190
Total comprehensive income for the year		-	352,190	599,017	951,207	(1,780)	949,427
Gain on part disposal of subsidiary		-	-	-	-	(28,824)	(28,824)
Balance at 31 March 2016		4,000	9,626,515	(917,409)	8,713,106	(30,604)	8,682,502



## H CARE LIMITED

### COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

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	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2014		4,000	(678,905)	(674,905)
Year ended 31 March 2015:				
Profit and total comprehensive income for the year		-	262,969	262,969
Balance at 31 March 2015		4,000	(415,936)	(411,936)
Year ended 31 March 2016:				
Loss and total comprehensive income for the year		-	(229,637)	(229,637)
Balance at 31 March 2016		4,000	(645,573)	(641,573)

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# H CARE LIMITED

## GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	25	1,746,534		1,667,672	
Interest paid		(554,669)		(516,104)	
<b>Net cash inflow from operating activities</b>		<u>1,191,865</u>		<u>1,151,568</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(2,897,387)	-	(1,475,736)	
Proceeds on disposal of tangible fixed assets		7,510		-	
Proceeds on disposal of fixed asset investments		-		1,619	
<b>Net cash used in investing activities</b>		<u>(2,889,877)</u>		<u>(1,474,117)</u>	
<b>Financing activities</b>					
Proceeds from borrowings		-		68,022	
Repayment of borrowings		(2,478,950)		-	
Proceeds of new bank loans		9,838,490		-	
Repayment of bank loans		(4,919,245)		(439,705)	
<b>Net cash generated from/(used in) financing activities</b>		<u>2,440,295</u>		<u>(371,683)</u>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>742,283</u>		<u>(694,232)</u>	
Cash and cash equivalents at beginning of year		(533,692)		160,540	
<b>Cash and cash equivalents at end of year</b>		<u><u>208,591</u></u>		<u><u>(533,692)</u></u>	
<b>Relating to:</b>					
Cash at bank and in hand		278,469		19,802	
Bank overdrafts included in creditors payable within one year		<u>(69,878)</u>		<u>(553,494)</u>	

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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### 1 Accounting policies

#### 1.1 Accounting convention

These group and company financial statements for the year ended 31 March 2016 are the first financial statements of H Care Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 26.

The financial statements have been prepared on the historical cost convention modified to include the revaluation of freehold properties and investment properties. The principal accounting policies adopted are set out below. These Financial Statements have been prepared in compliance with FRS 102 - The Financial Reporting Standards applicable in the UK and Republic of Ireland and the Companies Act 2006. This is the first year which the Financial Statements have been prepared under FRS 102. Details of the transition to FRS 102 are shown in Note 26.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for the parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £229,637 (2015 - £262,969 profit)

#### 1.2 Basis of consolidation

Investments in subsidiaries are accounted for at cost less impairment.

The consolidated financial statements incorporate those of H Care Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits)

All financial statements are made up to 31 March 2016

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### 1.3 Going concern

Based on the trading and cash flow projections to 31 March 2018, which have been prepared on the assumption that the loans from both the bank and the shareholders will continue to be made available, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from the demand for repayment of these loans.

#### 1.4 Turnover

Turnover represents amounts receivable for care services provided calculated on a daily basis. The group's income is exempt from value added tax.

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Nil
Land and buildings Leasehold	Over the remaining life of the lease
Fixtures, fittings & equipment	20% - 33% straight line depending on nature of the individual assets
Computer equipment	33% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account

#### 1.6 Impairment of fixed assets

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 Financial Instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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

#### 1.9 Equity Instruments

Equity Instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 1 Accounting policies

(Continued)

#### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### *Deferred tax*

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

Deferred tax on the unrealised surplus on revaluation of fixed assets is provided for at rates enacted at the balance sheet date and deducted from the balance on the revaluation reserve.

#### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### *Critical judgements*

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements

#### *Valuation of land and buildings*

As described in note 12 to the financial statements, land and buildings are stated at fair value based on a report by an independent property consultancy as at 31 March 2016. The valuer used observable market prices adjusted as necessary for any difference in the future, location or condition of the specific asset.

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

#### 3 Turnover and other revenue

The total turnover of the group for the year has been derived from its principle activity of care home management for people with a learning disability wholly undertaken in the United Kingdom

4	Exceptional costs	2016 £	2015 £
	Bank loan refinancing costs	83,362	43,250

#### 5 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	250,552	210,840
Profit on disposal of tangible fixed assets	(7,128)	-
Operating lease charges	174,307	130,731

#### 6 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates		
For audit services		
Audit of the financial statements of the group and company	-	-
Audit of the company's subsidiaries	25,000	24,610
For other services		
Audit-related assurance services	25,000	24,610
All other non-audit services	13,435	1,863
	38,435	26,473

#### 7 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2016 Number	2015 Number
Care	257	200
Administration	37	26
	294	226

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

7	Employees	(Continued)	
Their aggregate remuneration comprised:			
		2016 £	2015 £
	Wages and salaries	4,675,621	3,920,692
8	Directors' remuneration	2016 £	2015 £
	Remuneration for qualifying services	305,067	249,090
Remuneration disclosed above includes the following amounts paid to the highest paid director:			
	Remuneration for qualifying services	103,530	102,024
9	Interest payable and similar charges	2016 £	2015 £
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	304,411	267,625
	Other interest on financial liabilities	250,258	248,479
		554,669	516,104
10	Adjustments on disposal of assets	2016 £	2015 £
	Gain on part disposal of subsidiary	28,824	-
11	Taxation	2016 £	2015 £
	UK corporation tax on profits for the current period	531	-
	Deferred tax		
	Origination and reversal of timing differences	181,246	(267,625)
	Total tax charge	181,777	(267,625)

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

#### 11 Taxation

(Continued)

The charge for the year can be reconciled to the profit per the profit and loss account as follows

	2016 £	2015 £
Profit before taxation	779,014	759,193
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	155,803	151,839
Tax effect of expenses that are not deductible in determining taxable profit	8,546	16,732
Tax effect of utilisation of tax losses not previously recognised	(128,617)	(150,464)
Unutilised tax losses carried forward	42,330	-
Permanent capital allowances in excess of depreciation	(71,766)	(18,106)
Deferred tax on timing differences	23,508	63,604
Deferred tax on unpaid interest	157,738	(331,230)
Minority interest profit share	(5,765)	-
Tax expense for the year	181,777	(267,625)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2016 £	2015 £
Deferred tax arising on Revaluation of property	(352,190)	113,088



# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

#### 12 Tangible fixed assets

Group	Freshhold land and buildings	Land and buildings Leasehold	Fixtures, fittings & equipment	Computer Motor vehicles equipment	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 April 2015	20,061,977	-	1,067,610	216,525	21,414,804
Additions	2,433,658	187,222	124,400	152,107	2,897,387
Disposals	-	-	(382)	-	(26,998)
Revaluation	352,190	-	-	-	352,190
At 31 March 2016	22,847,825	187,222	1,191,628	368,632	24,637,383
<b>Depreciation and impairment</b>					
At 1 April 2015	-	-	624,057	107,678	800,427
Depreciation charged in the year	-	2,655	179,703	68,194	250,552
Eliminated in respect of disposals	-	-	-	-	(26,616)
At 31 March 2016	-	2,655	803,760	175,872	1,024,363
<b>Carrying amount</b>					
At 31 March 2016	22,847,825	184,567	387,868	192,760	23,613,020
At 31 March 2015	20,061,977	-	443,553	108,847	20,614,377

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

#### 12 Tangible fixed assets

(Continued)

The value of freehold land and buildings at 1 April 2015 has been restated in line with FRS 102. Prior to this restatement, freehold land and buildings were carried at £22,527,303.

The freehold and leasehold land and buildings were valued by the directors based on a report by an independent property consultancy at 31 March 2016.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Cost	11,982,138	9,275,123	-	-
Accumulated depreciation	-	-	-	-
Carrying value	11,982,138	9,275,123	-	-

The revaluation surplus is disclosed in the group statement of changes in equity.

#### 13 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	22	-	-	85,184	85,037

#### Movements in fixed asset investments

Company	Shares £
Cost or valuation	
At 31 March 2016	85,037
Additions	147
At 31 March 2016	85,184
Carrying amount	
At 31 March 2016	85,184
At 31 March 2015	85,037

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 14 Debtors

	Group 2016	2015	Company 2016	2015
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	378,027	235,262	-	-
Amounts due from subsidiary undertakings	-	-	498	596
Other debtors	44,835	2,586	594	594
Prepayments and accrued income	111,516	52,252	-	-
	<u>534,378</u>	<u>290,100</u>	<u>1,092</u>	<u>1,190</u>
Deferred tax asset (note 18)	173,491	331,229	173,491	331,229
	<u>707,869</u>	<u>621,329</u>	<u>174,583</u>	<u>332,419</u>
<b>Amounts falling due after one year:</b>				
Amounts due from subsidiary undertakings	-	-	1,558,510	4,356,909
	<u>-</u>	<u>-</u>	<u>1,558,510</u>	<u>4,356,909</u>
<b>Total debtors</b>	<u>707,869</u>	<u>621,329</u>	<u>1,733,093</u>	<u>4,689,328</u>

### 15 Creditors: amounts falling due within one year

		Group 2016	2015	Company 2016	2015
	Notes	£	£	£	£
Bank loans and overdrafts	17	934,966	1,050,181	-	-
Other borrowings	17	239,358	-	239,358	-
Trade creditors		479,083	283,403	-	-
Amounts due to group undertakings		-	-	49	1
Corporation tax payable		531	-	-	-
Other taxation and social security		184,996	79,032	2,638	10,519
Other creditors		449,160	308,276	-	-
		<u>2,288,094</u>	<u>1,720,892</u>	<u>242,045</u>	<u>10,520</u>

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 16 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	17	11,084,071	6,533,227	-	-
Other borrowings	17	2,457,578	5,175,886	2,457,578	5,175,886
		<u>13,541,649</u>	<u>11,709,113</u>	<u>2,457,578</u>	<u>5,175,886</u>

### 17 Loans and overdrafts

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans	11,949,159	7,029,914	-	-
Bank overdrafts	69,878	553,494	-	-
Other loans	2,696,936	5,175,886	2,696,936	5,175,886
	<u>14,715,973</u>	<u>12,759,294</u>	<u>2,696,936</u>	<u>5,175,886</u>
Payable within one year	1,174,324	1,050,181	239,358	-
Payable after one year	<u>13,541,649</u>	<u>11,709,113</u>	<u>2,457,578</u>	<u>5,175,886</u>

Bank loans totalling £11,949,159 (2015 £7,029,914) and the bank overdraft totalling £69,878 (2015 £553,494) are secured by fixed and floating charges on the group's assets.

The gross bank loan, before deducting future arrangement costs of £113,058 (2015 £38,062) in accordance with FRS102, was £12,062,215 (2015: £7,067,976)

Bank loans include a new loan draw down in March 2016 of £14,252,504, its capital repayments commenced in March 2016. The loan bears interest at 3% plus 3 month LIBOR rate and is repayable by August 2019 with quarterly capital repayments based on a 15 year repayment profile. The directors consider that the carrying amounts of the bank loan, overdraft and other loans approximate their fair value

Bank loans and overdrafts shown as due within 1 year include a £526,945 development overdraft facility which in accordance with the bank finance agreement will, upon completion of the home, automatically transfer into a bank loan repayable in 4 years with repayments up to that date calculated on a 15 year repayment profile.

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

#### 18 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

	Liabilities 2016 £	Liabilities 2015 £	Assets 2016 £	Assets 2015 £
<b>Group</b>				
Accelerated capital allowances	87,112	63,604	-	-
Unpaid interest	-	-	173,491	331,229
	<u>87,112</u>	<u>63,604</u>	<u>173,491</u>	<u>331,229</u>
	Liabilities 2016 £	Liabilities 2015 £	Assets 2016 £	Assets 2015 £
<b>Company</b>				
Unpaid interest	-	-	173,491	331,229
	<u>-</u>	<u>-</u>	<u>173,491</u>	<u>331,229</u>
			<b>Group 2016 £</b>	<b>Company 2016 £</b>
<b>Movements in the year:</b>				
Liability/(Asset) at 1 April 2015			(267,625)	(331,229)
Other			157,738	157,738
Liability/(Asset) at 31 March 2016			<u>(109,887)</u>	<u>(173,491)</u>

The deferred tax asset set out above is expected to reverse within the 5 years and relates to accelerated capital allowances and unpaid loan interest that are expected to mature within the same period.

In accordance with FRS 102 the group has recognised deferred tax liabilities on the revaluation of freehold land and buildings of £2,352,238 (2015: £2,465,326)

#### 19 Share capital

	Group and company	
	2016 £	2015 £
<b>Ordinary share capital</b>		
Issued and fully paid		
4,000 Ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## H CARE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 20 Related party transactions

There was a cross guarantee between Home From Home Care Limited, H Care Limited, HFHC Properties Limited, HFHC Midlands Ltd and HFHC Partnering Limited

##### Group

The company has taken advantage of the exemption available in accordance with FRS 102 Section 33 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company and the other subsidiaries are wholly owned subsidiary undertakings of the group to which they are party to the transactions.

Harkstave Healthcare Projects Limited is owned and controlled by three of the directors, P A de Savary, H de Savary and A M de Savary. During the year, purchases of £273,663 (2015: £606,610) were made from Harkstave Healthcare Projects Limited. All purchases were made at cost, and no profit was made by Harkstave Healthcare Projects Limited. At the balance sheet date the company was owed £74,978 (2015: £25,654) by Harkstave Healthcare Projects Limited.

HFHC Midlands Ltd is 66.67% owned by H Care Limited. At the balance sheet date HFHC Midlands Ltd owed the company £47,119 (2015: £2,021). During the year, purchases of £429,106 (2015: £321,300) were made from HFHC Midlands Ltd. All purchases were made at cost, and no profit was made by HFHC Midlands Ltd. During the year there was management charges of £56,197 (2015: £25,521) were paid to HFHC Midlands Ltd.

At the balance sheet date P Brasier was owed £Nil (2015: £11,500) by the company.

Included within trade debtors is an amount due from K de Savary, the wife of director H J de Savary of £357 (2015: £1,754). During the year there was sales of £3,228 (2015: £3,093) made to K de Savary in respect of agency childcare services.

##### Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £305,067 (2015 - £249,090).

## H CARE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2016

#### 20 Related party transactions

(Continued)

##### Company

The company has taken advantage of the exemption available in accordance with FRS 102 Section 33 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company and the other subsidiaries are wholly owned subsidiary undertakings of the group to which they are party to the transactions

At the year end, the company owed A Wells Limited a company in which B Marchant is a director and shareholder £Nil (2015: £177,961) in loan notes and accrued interest. During the year the company paid interest of £5,004 (2015: £5,404) to A Wells Limited

At the year end, the company owed R Nunn £Nil (2015: £391,047) in loan notes and accrued interest. During the year the company paid interest of £10,997 (2015: £11,875).

At the year end, the company owed D S Patel £181,133 (2015: £178,265) in loan notes and accrued interest. During the year the company paid interest of £6,560 (2015: £6,099).

At the year end, the company owed G Miller £90,566 (2015: £89,133) in loan notes and accrued interest. During the year the company paid interest of £3,279 (2015: £3,050)

At the year end, the company was owed £48 (2015: the company owed £99) by HFHC Midlands Ltd. A company in which H Care Limited owns 66.67% of the share capital.

#### 21 Operating lease commitments

##### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Within one year	85,800	47,556	-	-
Between two and five years	303,924	94,501	-	-
In over five years	28,005	-	-	-
	<u>417,729</u>	<u>142,057</u>	<u>-</u>	<u>-</u>

# **H CARE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2016**

### **22 Subsidiaries**

Details of the company's subsidiaries at 31 March 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct	Indirect
Home From Home Care Limited	England & Wales	Ordinary	100.00	-
HFHC Properties Ltd	England & Wales	Ordinary	100.00	-
HFHC Midlands Ltd	England & Wales	Ordinary	66.67	33.33
HFHC Partnering Limited	England & Wales	Ordinary	100.00	-
HFHC Management Ltd	England & Wales	Ordinary	100.00	-

All subsidiary undertakings are included in the consolidated accounts

HFHC Properties Limited (company number 05929924) has taken advantage of the exception from audit under S479A of the Companies Act 2006 relating to subsidiary companies



## H CARE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2016

#### 23 Controlling party

The ultimate controlling party, both this year and last, was P A de Savary, the managing director and largest shareholder in the group.

#### 24 Company information

H Care Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is 55 Loudoun Road, St John's Wood, London, NW8 0DL. The principal place of business is Newport House, Doddington Road, Lincoln, LN6 3JY.

The Group consists of H Care Limited and all of its subsidiaries (referred to in note 22).

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

#### 25 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	597,237	1,026,818
Adjustments for:		
Taxation charged/(credited)	181,777	(267,625)
Finance costs	554,669	516,104
Gain on disposal of tangible fixed assets	(7,128)	-
Depreciation and impairment of tangible fixed assets	250,552	210,840
Amounts written off investments	(28,824)	-
Movements in working capital:		
(Increase) in debtors	(244,278)	(84,217)
Increase in creditors	442,529	265,752
<b>Cash generated from operations</b>	<b>1,746,534</b>	<b>1,667,672</b>

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2016

#### 26 Reconciliation on adoption of FRS102

##### Reconciliation of equity - group

	Notes	1 April 2014 £	31 March 2015 £
Equity as reported under previous UK GAAP		7,687,879	10,227,225
Adjustments arising from transition to FRS 102			
Deferred tax on revaluation reserve brought forward		(2,352,238)	(2,352,238)
Deferred tax on revaluation of properties during the year		-	(317,631)
Change in tax rate on deferred tax arising on property valuation		-	204,543
Equity reported under FRS 102		5,335,641	7,761,899

##### Reconciliation of equity - group

	At 1 April 2014			At 31 March 2015		
	Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	FRS 102
Notes	£	£	£	£	£	£
<b>Fixed assets</b>						
Tangible assets	20,302,279	(2,352,238)	17,950,041	23,079,703	(2,465,326)	20,614,377
<b>Current assets</b>						
Debtors	205,883	-	205,883	621,329	-	621,329
Investments	1,619	-	1,619	-	-	-
Bank and cash	160,540	-	160,540	19,802	-	19,802
	368,042	-	368,042	641,131	-	641,131
<b>Creditors due within one year</b>						
Loans and overdrafts	(851,711)	-	(851,711)	(1,061,681)	-	(1,061,681)
Taxation	(74,285)	-	(74,285)	(79,032)	-	(79,032)
Other creditors	(316,751)	-	(316,751)	(580,179)	-	(580,179)
	(1,242,747)	-	(1,242,747)	(1,720,892)	-	(1,720,892)
<b>Net current liabilities</b>	(874,705)	-	(874,705)	(1,079,761)	-	(1,079,761)
<b>Total assets less current liabilities</b>	19,427,574	(2,352,238)	17,075,336	21,999,942	(2,465,326)	19,534,616
<b>Creditors due after one year</b>						
Loans and overdrafts	(11,739,695)	-	(11,739,695)	(11,709,113)	-	(11,709,113)

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

### 26 Reconciliation on adoption of FRS102

(Continued)

Notes	At 1 April 2014			At 31 March 2015		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
<b>Provisions for liabilities</b>						
Deferred tax	-	-	-	(63,604)	-	(63,604)
<b>Net assets</b>	<b>7,687,879</b>	<b>(2,352,238)</b>	<b>5,335,641</b>	<b>10,227,225</b>	<b>(2,465,326)</b>	<b>7,761,899</b>
<b>Capital and reserves</b>						
Share capital	4,000	-	4,000	4,000	-	4,000
Revaluation reserve	10,227,123	(2,352,238)	7,874,885	11,739,651	(2,465,326)	9,274,325
Profit and loss	(2,543,244)	-	(2,543,244)	(1,516,426)	-	(1,516,426)
<b>Total equity</b>	<b>7,687,879</b>	<b>(2,352,238)</b>	<b>5,335,641</b>	<b>10,227,225</b>	<b>(2,465,326)</b>	<b>7,761,899</b>