

Company Registration No. 05616585 (England and Wales)

For the year ended 31 March 2017

H Care Limited

Annual report and financial statements

For the year ended 31 March 2017

WEDNESDAY



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COMPANIES HOUSE



mgr.westonkay

CHARTERED ACCOUNTANTS

55 Loudoun Road
St John's Wood
London NW8 0DL

H CARE LIMITED

COMPANY INFORMATION

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

H CARE LIMITED

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H CARE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present the strategic report and financial statements for the year ended 31 March 2017.

Fair review of the business

With a full year contribution from The Oaks, the new 6 bed Home opened in October 2015 and the opening of The Reeds, 8 beds in the current year, group turnover has increased by 23.3% in the year under review. At year end, 87 beds were available, of which 81 are occupied.

The demand for the group's services remains strong. However, a change of registration policy by the Care Quality Commission has resulted in construction of The Beeches an 8 bed home, being put into abeyance whilst the sector seeks clarity over the change in policy. This does not extend to the existing Homes.

Direct costs for the group increased during the year by 28.4% in part reflecting the National Living Wage which was implemented in April 2016 with a consequent effect on our other staff costs. We have been able to offset some of those costs by increases in fees but Local Authorities continue to be under funding pressure. We have also taken on more complex individuals with a higher staff to person ratio albeit with an appropriate fee structure.

The development of our information services is a vital part of providing effective management for all of our residents with their very varied and detailed requirements and we will continue to expand these during the coming period.

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 £9.69m.

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 41.87%.

On behalf of the board



P A de Savary

Director

21 September 2017

H CARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

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 A de Savary
P J Brasier
A M de Savary
H J de Savary
G K S Pell
R I Nunn
D S Patel
A F Rosenbach
M A Quantock Shuldharn
B D Marchant

Results and dividends

The results for the year are set out on page 7.

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 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.

Post reporting date events

Full details of post- balance sheet events are disclosed in note 19 of the financial statements.

H CARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Future developments

The completion of the new Home during the year has provided a total of 87 rooms and since the year end all of these are now taken or committed so that for the first time we have an 100% occupancy. The further development mentioned in last year's report to take capacity up to 95 cannot now take place although there may be a further two rooms created on an existing site.

Since the year end agreement has been reached with the bank so that the original loan notes have been repaid early as set out in note 19 to these accounts.

Auditors

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

Statement of disclosure to auditors

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 company's auditors are 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 company's auditors are aware of that information.

On behalf of the board



P.A. de Savary

Director

21 September 2017

H CARE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

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

We have audited the financial statements of H Care Limited for the year ended 31 March 2017 set out on pages 7 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, 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 2017 and of its 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.

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

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.

MGR Weston Kay LLP

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

29 September 2017

H CARE LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Turnover	3	10,405,821	8,436,951
Cost of sales		(6,048,602)	(4,709,915)
Gross profit		4,357,219	3,727,036
Administrative expenses		(2,854,459)	(2,335,995)
Other operating expenses		-	(2,819)
Exceptional item	4	-	(83,362)
Operating profit	5	1,502,760	1,304,860
Interest payable and similar charges	9	(548,201)	(554,669)
Adjustment on disposal of investments	10	-	28,824
Profit before taxation		954,559	779,015
Taxation	11	(63,170)	(181,777)
Profit for the financial year		891,389	597,238
Profit for the financial year is attributable to:			
- Owners of the parent company		900,089	599,018
- Non-controlling interests		(8,700)	(1,780)
		891,389	597,238

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 2017

	2017 £	2016 £
Profit for the year	891,389	597,238
Other comprehensive income		
Tax relating to other comprehensive income	117,397	352,190
Total comprehensive income for the year	<u>1,008,786</u>	<u>949,428</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	1,017,486	951,208
- Non-controlling interests	(8,700)	(1,780)
	<u>1,008,786</u>	<u>949,428</u>

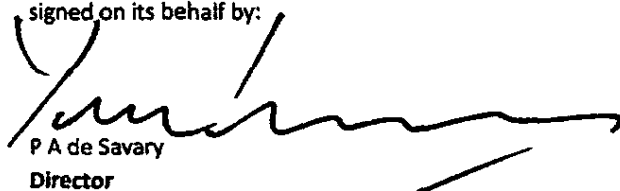
H CARE LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	12		25,123,861		23,613,020
Current assets					
Debtors	13	1,032,814		707,869	
Cash at bank and in hand		37,155		278,469	
		<u>1,069,969</u>		<u>986,338</u>	
Creditors: falling due within one year	14	<u>(2,386,072)</u>		<u>(2,288,094)</u>	
Net current liabilities			(1,316,103)		(1,301,756)
Total assets less current liabilities			23,807,758		22,311,264
Creditors: amounts falling due after more than one year	15		(14,012,273)		(13,541,649)
Provisions for liabilities	17		(104,194)		(87,112)
Net assets			<u>9,691,291</u>		<u>8,682,503</u>
Capital and reserves					
Called up share capital	18		4,000		4,000
Revaluation reserve			9,743,912		9,626,515
Profit and loss reserves			(17,317)		(917,408)
Equity attributable to owners of the parent company			<u>9,730,595</u>		<u>8,713,107</u>
Non-controlling interests			(39,304)		(30,604)
			<u>9,691,291</u>		<u>8,682,503</u>

The financial statements were approved by the board of directors and authorised for issue on 21 September 2017 and are signed on its behalf by:


P A de Savary
Director

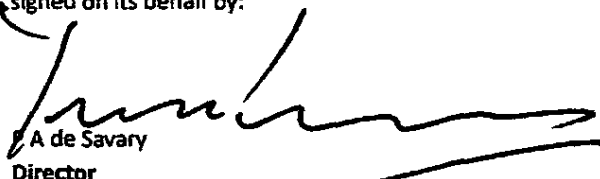
H CARE LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Investments			85,184		85,184
Current assets					
Debtors - deferred tax	17	180,877		173,491	
Debtors - other	13	1,598,361		1,559,602	
Cash at bank and in hand		500		239,773	
		<u>1,779,738</u>		<u>1,972,866</u>	
Creditors: falling due within one year	14	(10,467)		(242,045)	
Net current assets			<u>1,769,271</u>		<u>1,730,821</u>
Total assets less current liabilities			<u>1,854,455</u>		<u>1,816,005</u>
Creditors: amounts falling due after more than one year	15		(2,496,453)		(2,457,578)
Net liabilities			<u>(641,998)</u>		<u>(641,573)</u>
Capital and reserves					
Called up share capital	18		4,000		4,000
Profit and loss reserves			(645,998)		(645,573)
Total equity			<u>(641,998)</u>		<u>(641,573)</u>

The financial statements were approved by the board of directors and authorised for issue on 21 September 2017 and are signed on its behalf by:


P A de Savary
Director

Company Registration No. 05616585

H CARE LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Share capital	Revaluation reserve	Profit and loss reserves	Total equity	Non-controlling interest	Total
Notes	£	£	£	£	£	£
Balance at 1 April 2015	4,000	9,274,325	(1,516,426)	7,761,899	-	7,761,899
Period ended 31 March 2016:						
Profit for the year	-	-	599,018	599,018	(1,780)	597,238
Other comprehensive income:						-
Tax relating to other comprehensive income	-	352,190	-	352,190	-	352,190
Total comprehensive income for the year	-	352,190	599,018	951,208	(1,780)	949,428
Balance at 31 March 2016	4,000	9,626,515	(917,408)	8,713,107	(30,604)	8,682,503
Period ended 31 March 2017:						
Profit for the year	-	-	900,089	900,089	(8,700)	891,389
Other comprehensive income:						-
Tax relating to other comprehensive income	-	117,397	-	117,397	-	117,397
Total comprehensive income for the year	-	117,397	900,089	1,017,486	(8,700)	1,008,786
Balance at 31 March 2017	4,000	9,743,912	(17,317)	9,730,595	(39,304)	9,691,291

H CARE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2015		4,000	(415,936)	(411,936)
Period 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)
Period ended 31 March 2017:				
Loss and total comprehensive income for the year		-	(425)	(425)
Balance at 31 March 2017		4,000	(645,998)	(641,998)

H CARE LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

		2017	2016
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	25	1,829,157	1,746,534
Interest paid		(548,201)	(554,669)
Net cash inflow from operating activities		1,280,956	1,191,865
Investing activities			
Purchase of tangible fixed assets		(1,895,274)	(2,897,387)
Proceeds on disposal of tangible fixed assets		163,263	7,510
Net cash used in investing activities		(1,732,011)	(2,889,877)
Financing activities			
Proceeds from borrowings		38,759	-
Repayment of borrowings		(239,242)	(2,478,950)
Proceeds of new bank loans		409,014	9,838,490
Repayment of bank loans		-	(4,919,245)
Net cash generated from financing activities		208,531	2,440,295
Net (decrease)/increase in cash and cash equivalents		(242,524)	742,283
Cash and cash equivalents at beginning of year		208,591	(533,692)
Cash and cash equivalents at end of year		(33,933)	208,591
Relating to:			
Cash at bank and in hand		37,155	278,469
Bank overdrafts included in creditors payable within one year		(71,088)	(69,878)

H CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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.

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 £425 (2016 - £229,637 loss).

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 2017.

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 2019, 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.

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.

H CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

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
Leasehold land and buildings	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 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.

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.

H CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

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 during the year ended 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 2017

3 Turnover and other revenue

	2017 £	2016 £
Turnover		
Care home management for people with learning disabilities	9,746,205	8,276,570
Labour recruitment and provision of personnel	657,916	160,381
Room hire	3,700	-
	<u>10,405,821</u>	<u>8,436,951</u>

The total turnover of the group for the year has been wholly undertaken in the United Kingdom.

4 Exceptional costs

	2017 £	2016 £
Bank loan refinancing costs	-	83,362
	<u>-</u>	<u>83,362</u>

5 Operating (loss)/profit

	2017 £	2016 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	346,880	250,552
Profit on disposal of tangible fixed assets	(8,313)	(7,128)
Operating lease charges	189,002	174,307
	<u>417,569</u>	<u>397,731</u>

6 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditors and associates:		
For audit services		
Audit of the financial statements of the group and company	-	-
Audit of the company's subsidiaries	30,000	25,000
	<u>30,000</u>	<u>25,000</u>
For other services		
All other non-audit services	24,083	13,435
	<u>24,083</u>	<u>13,435</u>

H CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

7 Employees

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

	2017 Number	2016 Number
Care	348	257
Administration	40	37
	<u>388</u>	<u>294</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	5,819,994	4,675,621
	<u>5,819,994</u>	<u>4,675,621</u>

8 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	315,859	295,067
Directors' remuneration capitalised	(78,512)	(94,970)
	<u>237,347</u>	<u>200,097</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>104,358</u>	<u>103,530</u>
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The number of directors qualifying for remuneration during the year was 8 (2016: 7).

9 Interest payable and similar charges

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	420,090	304,411
Other interest	128,111	250,258
	<u>548,201</u>	<u>554,669</u>

H CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

10 Adjustments on disposal of assets

	2017	2016
	£	£
Gain on part disposal of subsidiary	-	28,824

11 Taxation

	2017	2016
	£	£
UK corporation tax on profits for the current period	53,474	531
Deferred tax		
Origination and reversal of timing differences	9,696	181,246
Total tax charge	63,170	181,777

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

	2017	2016
	£	£
Profit before taxation	954,559	779,015
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	190,912	155,803
Tax effect of expenses that are not deductible in determining taxable profit	7,172	8,546
Unutilised tax losses carried forward	-	42,330
Permanent capital allowances in excess of depreciation	(43,363)	(71,766)
Deferred tax on timing differences	17,082	23,508
Utilisation of tax losses brought forward	(101,247)	(128,617)
Minority interest profit share	-	(5,765)
Deferred tax on unpaid interest	(7,386)	157,738
Tax expense for the year	63,170	181,777

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:

	2017	2016
	£	£
Deferred tax arising on:		
Revaluation of property	(117,397)	(352,190)

H CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

12 Tangible fixed assets								
Group		Freehold land and buildings	Leasehold land and buildings	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total	
		£	£	£	£	£	£	£
Cost or valuation								
At 1 April 2016		22,847,825	187,222	1,191,628	368,632	42,075	24,637,382	
Additions		1,429,520	91,675	144,479	229,600	-	1,895,274	
Disposals		(154,950)	-	-	-	-	(154,950)	
Revaluation		117,397	-	-	-	-	117,397	
At 31 March 2017		24,239,792	278,897	1,336,107	598,232	42,075	26,495,103	
Depreciation and impairment								
At 1 April 2016		-	2,655	803,760	175,872	42,075	1,024,362	
Depreciation charged in the year		-	45,119	179,400	122,361	-	346,880	
At 31 March 2017		-	47,774	983,160	298,233	42,075	1,371,242	
Carrying amount								
At 31 March 2017		24,239,792	231,123	352,947	299,999	-	25,123,861	
At 31 March 2016		22,847,825	184,567	387,868	192,760	-	23,613,020	

H CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

12 Tangible fixed assets

(Continued)

The freehold and leasehold land and buildings were valued by the directors during 31 March 2017 based on a report by an independent property consultancy during the year ended 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 2017 £	2016 £	Company 2017 £	2016 £
Cost	13,487,831	11,982,138	-	-
Accumulated depreciation	-	-	-	-
Carrying value	13,487,831	11,982,138	-	-

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

13 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	473,116	303,049	-	-
Amounts due from subsidiary undertakings	-	-	498	498
Other debtors	304,308	119,813	594	594
Prepayments and accrued income	74,513	111,516	-	-
	851,937	534,378	1,092	1,092
Deferred tax asset (note 17)	180,877	173,491	180,877	173,491
	1,032,814	707,869	181,969	174,583
Amounts falling due after one year:				
Amounts due from subsidiary undertakings	-	-	1,597,269	1,558,510
Total debtors	1,032,814	707,869	1,779,238	1,733,093

H CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

14 Creditors: falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Loans and overdrafts	16	913,441	934,966	-	-
Other borrowings	16	-	239,358	-	239,358
Corporation tax payable		54,005	531	7,811	-
Other taxation and social security		248,827	184,996	2,607	2,638
Trade creditors		557,346	479,083	-	-
Amounts due to subsidiary undertakings		-	-	49	49
Other creditors		612,453	449,160	-	-
		<u>2,386,072</u>	<u>2,288,094</u>	<u>10,467</u>	<u>242,045</u>

15 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Loans and overdrafts	16	11,515,820	11,084,071	-	-
Other borrowings	16	2,496,453	2,457,578	2,496,453	2,457,578
		<u>14,012,273</u>	<u>13,541,649</u>	<u>2,496,453</u>	<u>2,457,578</u>

16 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	12,358,173	11,949,159	-	-
Bank overdrafts	71,088	69,878	-	-
Other loans	2,496,453	2,696,936	2,496,453	2,696,936
	<u>14,925,714</u>	<u>14,715,973</u>	<u>2,496,453</u>	<u>2,696,936</u>
Payable within one year	913,441	1,174,324	-	239,358
Payable after one year	14,012,273	13,541,649	2,496,453	2,457,578

Bank loans totaling £12,358,173 (2016: £11,949,159) and the bank overdraft totaling £71,088 (2016: £69,878) are secured by fixed and floating charges on the group's assets.

The gross bank loan, before deducting future arrangement costs of £76,351 (2016: £113,058) in accordance with FRS102, was £12,434,522 (2016: £12,062,215).

H CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

16 Loans and overdrafts

(Continued)

The loan bears interest at 3% over 3 month LIBOR 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.

See note 19, Events after reporting date, for the bank loan facility entered into after the year end.

17 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 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
Group				
Accelerated capital allowances	104,194	87,112	-	-
Unpaid interest	-	-	180,877	173,491
	<u>104,194</u>	<u>87,112</u>	<u>180,877</u>	<u>173,491</u>
	Liabilities 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
Company				
Unpaid interest	-	-	180,877	173,491
	<u>-</u>	<u>-</u>	<u>180,877</u>	<u>173,491</u>
			Group 2017 £	Company 2017 £
Movements in the year:				
Liability/(Asset) at 1 April 2016			(86,379)	(173,491)
Debit /(Credit) to profit and loss			9,696	(7,386)
Liability/(Asset) at 31 March 2017			<u>(76,683)</u>	<u>(180,877)</u>

The deferred tax asset set out above is expected to reverse within 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 £1,995,741 (2016: £2,113,136).

H CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

18 Share capital

	Group and company	
	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
4,000 Ordinary shares of £1 each	4,000	4,000
	<u> </u>	<u> </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.

19 Events after the reporting date

On the 5 June 2017, it was agreed that the loan notes would be repaid to the loan note holders on 5 July 2017. These repayment dates are earlier than specified in the loan notes. It was also agreed that £951,985 of the accrued loan interest would be repaid on 5 July 2017 ,13 July 2017 and 9 April 2018.

On 29 June 2017, Home From Home Care Limited entered into a £15,600,000 bank loan facility on a 20 year repayment profile.

H CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2017	2016
	£	£
Aggregate compensation	571,771	318,995
	<u>571,771</u>	<u>318,995</u>

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.

Goldvista Properties Limited is a company in which D Patel is a director and shareholder. At the year end, the company owed Goldvista Properties Limited £161,727 (2016: £218,414) in loan notes and accrued interest. During the year the company paid interest of £5,750 (2016: £5,766) to Goldvista Properties Limited.

At the year end, the company owed D S Patel £184,001 (2016: £181,133) in loan notes and accrued interest. During the year the company paid interest of £6,542 (2016: £6,560) to D S Patel.

At the year end, the company was owed £48 (2016: £48) by HFHC Midlands Ltd, a company in which H Care Limited owns 66.67% of the share capital.

A cross guarantee exists between Home From Home Care Limited, H Care Limited, HFHC Properties Limited, HFHC Midlands Ltd and HFHC Partnering Limited for the balance due to the company's bankers.

H CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

20 Related party transactions

(Continued)

Group

The group 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 £601,683 (2016: £452,722) 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 group was owed £30,794 (2016: £94,562) by Harkstave Healthcare Projects Limited.

HFHC Midlands Ltd is 66.67% owned by H Care and 33.33% owned by B Glitherow. At the balance sheet date the group owed £32,687 to (2016: £47,119 was due from) HFHC Midlands Ltd. During the year, purchases of £504,476 (2016: £429,106) were made from HFHC Midlands Ltd. All purchases were made at cost, and no profit was made by HFHC Midlands Ltd. During the year, sales were made of £15,838 (2016: Nil) to HFHC Midlands Ltd in respect of room hire. During the year management charges of £25,589 (2016: £56,197) were charged to the remainder of the group.

At the balance sheet date, P Brasier a director of H Care Limited, was owed £3,000 (2016: £Nil) by the group. During the year the group paid £12,000 (2016: £12,000) to P Brasier for director's services.

At the balance sheet date, Alan Rosenbach Consulting Limited, a company owned by A Rosenbach, was owed £2,070 (2016: £826) by the group. During the year the group paid £18,817 (2016: £1,928) to Alan Rosenbach Consulting Limited for consultancy services.

Actualised Living PLC is owned and controlled by three of the directors, P A de Savary, H de Savary and A M de Savary. At the balance sheet date the group owed £7,500 (2016: £Nil) to Actualised Living PLC. During the year a management charges of £7,500 (2016: £Nil) was made by Actualised Living PLC.

H CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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	
	2017	2016	2017	2016
	£	£	£	£
Within one year	146,520	85,800	-	-
Between two and five years	278,542	303,924	-	-
In over five years	-	28,005	-	-
	<u>425,062</u>	<u>417,729</u>	<u>-</u>	<u>-</u>

22 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.

H CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

23 Subsidiaries

Details of the company's subsidiaries at 31 March 2017 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	England and Wales	Care home management for people with learning disabilities	Ordinary	100.00	-
HFHC Properties	England and Wales	Provision of rental accommodation for employees of the group	Ordinary	100.00	-
HFHC Midlands Ltd	England and Wales	Labour recruitment and provision of personnel	Ordinary	66.67	33.33
HFHC Partnering Limited	England and Wales	Holding of an operating lease for use an office for the group	Ordinary	100.00	-
HFHC Management Ltd	England and Wales	Dormant	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 2017

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 principle 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 23).

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

	2017 £	2016 £
Profit for the year after tax	891,389	597,238
Adjustments for:		
Taxation charged	63,170	181,777
Finance costs	548,201	554,669
Gain on disposal of tangible fixed assets	(8,313)	(7,128)
Depreciation and impairment of tangible fixed assets	346,880	250,552
Amounts written off investments	-	(28,824)
Movements in working capital:		
(Increase) in debtors	(317,558)	(244,278)
Increase in creditors	305,388	442,528
Cash generated from operations	1,829,157	1,746,534