

10/1/2018  
Company Registration No. 05616585 (England and Wales)

**H Care Limited**  
**Annual report and financial statements**  
**For the year ended 31 March 2018**

FRIDAY



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19/10/2018  
COMPANIES HOUSE

# **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 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 2018**

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The directors present the strategic report for the year ended 31 March 2018.

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

Group turnover increased by 20.4% in the year under review even though the registration requirements of the Care Quality Commission (Registering the Right Support), as mentioned last year, have prevented us developing a further 8 bed Home.

The market is increasingly under pressure as Commissioners reflect the realities of budget constraints. Demand for specialist services to support individuals with higher acuity needs remains reasonable, as few providers are able to meet their exacting needs and associated risks.

To operate successfully in this increasingly specialist market, we are now adding a number of extensions to the original homes, transforming existing bedrooms into single occupancy apartments, required to support more complex individuals. Operationally, this requires higher staffing ratios, increasingly effective management and competent, skilled staff, costs for which are reflected in our average weekly fee increasing from £2,471 to £2,675.

We have been encouraged by two of our eleven services being rated as Outstanding by the Care Quality Commission, with all other services rated good in all domains. This is great credit to our exceptional management and staff teams.

The creation of an enhanced contracts department with an inhouse lawyer has resulted in a number of historically depressed fees being increased, despite the funding pressures that Commissioners face. This is partly reflected in the growth in turnover for the year under review and the current year will benefit from a full year's contribution.

Direct costs for the group increased during the year by 15.1% in part reflecting the National Living Wage which was increased in April 2017 together with the new pension costs with a consequent effect on our other staff costs.

The ongoing development of our digital platform has proved crucial in providing effective services for the higher acuity individuals. Allowing us to manage risk more effectively, its development is an ongoing process to ensure sustainability, making it indispensable in meeting quality and regulatory control requirements, as well as improving day to day operations.

The repayment of the Loan Notes was completed in July 2017 and represented a major landmark in the development of the group. The long-term bank loan has improved the overall financial strength of the group, in the face of challenging market conditions, and has also allowed the group to hold £1.5m cash at the year-end which was committed to capital expenditure projects.

#### **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 and continue to develop 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 whilst confident, they are also guarded about 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 £12.6m

## **H CARE LIMITED**

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

**FOR THE YEAR ENDED 31 MARCH 2018**

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#### **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 operating profit margin which was 15.10%.

On behalf of the board



P A de Savary

Director

27 September 2018

# **H CARE LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2018**

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The directors present their annual report and financial statements for the year ended 31 March 2018.

#### **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

(Resigned 6 February 2018)

A F Rosenbach

M A Quantock Shuldham

B D Marchant

#### **Results and dividends**

The results for the year are set out on page 9.

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.

#### **Future developments**

We are developing some of the existing Homes into apartments in order to cover the increasing requirements of some of our residents. Although this will have an initial impact on revenue as rooms have to be vacated the anticipated overall return will contribute to the growth of the group.

## **H CARE LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2018**

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#### **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 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 is aware of that information.

On behalf of the board



**P A de Savary**

**Director**

**27 September 2018**

## **H CARE LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2018**

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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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#### **Opinion**

We have audited the financial statements of H Care Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 set out on pages 9 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2018 and of its for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

#### **Other information**

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

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

We have nothing to report in this regard.

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

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

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## **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**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

##### **Responsibilities of directors**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

## **H CARE LIMITED**

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

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

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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.



**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

**28 September 2018**

# H CARE LIMITED

## GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	12,529,085	10,405,821
Cost of sales		(6,961,861)	(6,048,602)
<b>Gross profit</b>		<b>5,567,224</b>	<b>4,357,219</b>
Administrative expenses		(3,675,645)	(2,854,459)
<b>Operating profit</b>	4	<b>1,891,579</b>	<b>1,502,760</b>
Interest receivable and similar income	8	373	-
Interest payable and similar expenses	9	(474,270)	(548,201)
<b>Profit before taxation</b>		<b>1,417,682</b>	<b>954,559</b>
Taxation	10	(149,345)	(63,170)
<b>Profit for the financial year</b>		<b>1,268,337</b>	<b>891,389</b>
Profit for the financial year is attributable to:			
- Owners of the parent company		1,269,085	900,089
- Non-controlling interests		(748)	(8,700)
		<b>1,268,337</b>	<b>891,389</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 2018

	2018 £	2017 £
Profit for the year	1,268,337	891,389
Other comprehensive income		
Revaluation of tangible fixed assets	2,017,653	-
Tax relating to other comprehensive income	(343,001)	117,397
Other comprehensive income for the year	1,674,652	117,397
Total comprehensive income for the year	2,942,989	1,008,786
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	2,943,737	1,017,486
- Non-controlling interests	(748)	(8,700)
	2,942,989	1,008,786

# H CARE LIMITED

## GROUP BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	11		27,715,445		25,123,861
<b>Current assets</b>					
Debtors	14	912,389		1,032,814	
Cash at bank and in hand		1,551,226		37,155	
		2,463,615		1,069,969	
Creditors: amounts falling due within one year	15	(2,211,058)		(2,386,072)	
<b>Net current assets/(liabilities)</b>			252,557		(1,316,103)
<b>Total assets less current liabilities</b>			27,968,002		23,807,758
Creditors: amounts falling due after more than one year	16		(15,253,236)		(14,012,273)
Provisions for liabilities	18		(80,483)		(104,194)
<b>Net assets</b>			12,634,283		9,691,291
<b>Capital and reserves</b>					
Called up share capital	19		4,000		4,000
Revaluation reserve			11,418,564		9,743,912
Profit and loss reserves			1,211,719		(17,317)
<b>Equity attributable to owners of the parent company</b>			12,634,283		9,730,595
<b>Non-controlling interests</b>			-		(39,304)
			12,634,283		9,691,291

The financial statements were approved by the board of directors and authorised for issue on 27 September 2018 and are signed on its behalf by:

  
P A de Savary  
Director

# H CARE LIMITED

## COMPANY BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Investments	12		85,258		85,184
<b>Current assets</b>					
Debtors - deferred tax	18	-		180,877	
Debtors - other	14	168,771		1,598,361	
Cash at bank and in hand		1,154		500	
		169,925		1,779,738	
Creditors: amounts falling due within one year	15	(230,435)		(10,467)	
Net current (liabilities)/assets			(60,510)		1,769,271
Total assets less current liabilities			24,748		1,854,455
Creditors: amounts falling due after more than one year	16		-		(2,496,453)
Net assets/(liabilities)			24,748		(641,998)
<b>Capital and reserves</b>					
Called up share capital	19		4,000		4,000
Profit and loss reserves			20,748		(645,998)
Total equity			24,748		(641,998)

The financial statements were approved by the board of directors and authorised for issue on 27 September 2018 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 2018

	Share capital	Revaluation reserve	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
	£	£	£	£	£	£
<b>Balance at 1 April 2016</b>	4,000	9,626,515	(917,406)	8,713,109	(30,604)	8,682,505
<b>Year ended 31 March 2017:</b>						
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
<b>Total comprehensive income for the year</b>	-	117,397	900,089	1,017,486	(8,700)	1,008,786
<b>Balance at 31 March 2017</b>	4,000	9,743,912	(17,317)	9,730,595	(39,304)	9,691,291
<b>Year ended 31 March 2018:</b>						
Profit for the year	-	-	1,269,085	1,269,085	(748)	1,268,337
Other comprehensive income:						
Revaluation of tangible fixed assets	-	2,017,653	-	2,017,653	-	2,017,653
Tax relating to other comprehensive income	-	(343,001)	-	(343,001)	-	(343,001)
<b>Total comprehensive income for the year</b>	-	1,674,652	1,269,085	2,943,737	(748)	2,942,989
Disposal of non-controlling interests	-	-	(40,052)	-	40,052	40,052
<b>Balance at 31 March 2018</b>	4,000	11,418,564	1,211,719	12,634,283	-	12,634,283



## H CARE LIMITED

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

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	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2016	4,000	(645,573)	(641,573)
	<hr/>	<hr/>	<hr/>
Year ended 31 March 2017:			
Loss and total comprehensive income for the year	-	(425)	(425)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	4,000	(645,998)	(641,998)
	<hr/>	<hr/>	<hr/>
Year ended 31 March 2018:			
Profit and total comprehensive income for the year	-	666,746	666,746
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	4,000	20,748	24,748
	<hr/>	<hr/>	<hr/>

# H CARE LIMITED

## GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	24	2,603,136		1,829,157	
Interest paid		(474,270)		(548,201)	
Income taxes paid		(54,002)		-	
<b>Net cash inflow from operating activities</b>		<b>2,074,864</b>		<b>1,280,956</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(1,350,112)		(1,895,274)	
Proceeds on disposal of tangible fixed assets		8,457		163,263	
Interest received		373		-	
<b>Net cash used in investing activities</b>		<b>(1,341,282)</b>		<b>(1,732,011)</b>	
<b>Financing activities</b>					
Proceeds from borrowings		-		38,759	
Repayment of borrowings		(2,496,453)		(239,242)	
Proceeds of new bank loans		3,348,030		818,028	
Repayment of bank loans		-		(409,014)	
<b>Net cash generated from financing activities</b>		<b>851,577</b>		<b>208,531</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,585,159</b>		<b>(242,524)</b>	
Cash and cash equivalents at beginning of year		(33,933)		208,591	
<b>Cash and cash equivalents at end of year</b>		<b>1,551,226</b>		<b>(33,933)</b>	
<b>Relating to:</b>					
Cash at bank and in hand		1,551,226		37,155	
Bank overdrafts included in creditors payable within one year		-		(71,088)	

# **H CARE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

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### **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 profit for the year was £666,746 (2017 - £425 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 2018.

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 2021, which have been prepared on the assumption that the bank loans 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 receivable for care services provided is calculated on a daily basis and is exempt from VAT.

Turnover receivable for the supply of care staff is charged on an hourly basis and associated costs net of VAT.

Rent receivable is recognised on a daily basis and is stated net of VAT.

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 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
Leasehold land and buildings	Over the remaining life of the lease
Fixtures, fittings and 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 balance sheet 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 2018

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### 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 11 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 2018. 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 2018

### 3 Turnover and other revenue

	2018 £	2017 £
<b>Turnover</b>		
Care home management for people with learning disabilities	11,681,129	9,746,205
Labour recruitment and provision of personnel	837,890	655,916
Room hire	10,066	3,700
	<u>12,529,085</u>	<u>10,405,821</u>

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

### 4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	418,314	346,880
Loss/(profit) on disposal of tangible fixed assets	6,409	(8,313)
Operating lease charges	242,199	189,002
	<u></u>	<u></u>

### 5 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	-	-
Audit of the financial statements of the company's subsidiaries	30,000	30,000
	<u></u>	<u></u>
<b>For other services</b>		
All other non-audit services	41,112	24,083
	<u></u>	<u></u>

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 6 Employees

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

	2018 Number	2017 Number
Care	332	348
Administration	51	40
	<u>383</u>	<u>388</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	<u>6,850,243</u>	<u>5,820,494</u>

### 7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	366,214	315,859
Directors' remuneration capitalised	(73,586)	(78,512)
	<u>292,628</u>	<u>237,347</u>

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

Remuneration for qualifying services	<u>110,730</u>	<u>104,358</u>
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### 8 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Other interest income	<u>373</u>	<u>-</u>

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 9 Interest payable and similar expenses

	2018 £	2017 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	447,959	420,090
Other interest on financial liabilities	26,311	128,111
	<u>474,270</u>	<u>548,201</u>

### 10 Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	53,474
Adjustments in respect of prior periods	(7,821)	-
Total current tax	<u>(7,821)</u>	<u>53,474</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	157,166	9,696
Total tax charge for the year	<u>149,345</u>	<u>63,170</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	<u>1,417,682</u>	<u>954,559</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	269,360	190,912
Tax effect of expenses that are not deductible in determining taxable profit	(267,784)	7,172
Permanent capital allowances in excess of depreciation	(36,330)	(43,363)
Under/(over) provided in prior years	(7,821)	-
Deferred tax on timing differences	(23,711)	17,082
Tax losses utilisation	34,754	(101,247)
Deferred tax on unpaid interest	180,877	(7,386)
Taxation charge for the year	<u>149,345</u>	<u>63,170</u>



# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### 10 Taxation

(Continued)

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:

	2018 £	2017 £
Deferred tax arising on:		
Revaluation of property	343,001	(117,397)
	<u>          </u>	<u>          </u>

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 11 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Fixtures, fittings and equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 1 April 2017	24,239,792	278,897	1,336,107	598,232	42,075	26,495,103
Additions	896,819	44,710	181,767	222,496	4,320	1,350,112
Disposals	-	-	(10,616)	-	-	(10,616)
Revaluation	1,674,652	-	-	-	-	1,674,652
Transfers	-	(8,458)	-	-	-	(8,458)
At 31 March 2018	26,811,263	315,149	1,507,258	820,728	46,395	29,500,793
<b>Depreciation and impairment</b>						
At 1 April 2017	-	47,774	983,160	298,233	42,075	1,371,242
Depreciation charged in the year	-	58,548	184,375	174,851	540	418,314
Eliminated in respect of disposals	-	-	(4,208)	-	-	(4,208)
At 31 March 2018	-	106,322	1,163,327	473,084	42,615	1,785,348
<b>Carrying amount</b>						
At 31 March 2018	26,811,263	208,827	343,931	347,644	3,780	27,715,445
At 31 March 2017	24,239,792	231,123	352,947	299,999	-	25,123,861

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 11 Tangible fixed assets

(Continued)

The freehold land and buildings were valued by the directors during 31 March 2018 based on a report by an independent property consultancy during the year ended 31 March 2018.

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 2018 £	2017 £	Company 2018 £	2017 £
Cost	15,392,696	14,495,877	-	-
Accumulated depreciation	-	-	-	-
Carrying value	<u>15,392,696</u>	<u>14,495,877</u>	<u>-</u>	<u>-</u>

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

### 12 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	13	-	-	85,258	85,184

#### Movements in fixed asset investments

Company	Shares £
<b>Cost or valuation</b>	
At 31 March 2018	85,184
Additions	74
At 31 March 2018	<u>85,258</u>
<b>Carrying amount</b>	
At 31 March 2018	<u>85,258</u>
At 31 March 2017	<u>85,184</u>

# **H CARE LIMITED**

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

**FOR THE YEAR ENDED 31 MARCH 2018**

### **13 Subsidiaries**

Details of the company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
HFHC Management Ltd	England and Wales	Dormant	100.00	-
HFHC Midlands Ltd	England and Wales	Labour recruitment and provision of personnel	100.00	-
HFHC Partnering Limited	England and Wales	Holding of an operating lease for use as an office for the group	100.00	-
HFHC Properties Ltd	England and Wales	Non-trading	100.00	-
Home From Home Care Limited	England and Wales	Care home management for people with learning disabilities	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 2018

### 14 Debtors

	Group 2018	2017	Company 2018	2017
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	491,797	473,116	-	-
Corporation tax recoverable	7,821	-	7,821	-
Amounts due from group undertakings	-	-	160,356	498
Other debtors	294,935	304,308	594	594
Prepayments and accrued income	117,836	74,513	-	-
	<u>912,389</u>	<u>851,937</u>	<u>168,771</u>	<u>1,092</u>
Deferred tax asset (note 18)	-	180,877	-	180,877
	<u>912,389</u>	<u>1,032,814</u>	<u>168,771</u>	<u>181,969</u>
<b>Amounts falling due after more than one year:</b>				
Amounts due from group undertakings	-	-	-	1,597,269
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,597,269</u>
<b>Total debtors</b>	<u>912,389</u>	<u>1,032,814</u>	<u>168,771</u>	<u>1,779,238</u>

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

		Group 2018	2017	Company 2018	2017
	Notes	£	£	£	£
Loans and overdrafts	17	452,967	934,966	-	-
Other borrowings	17	-	239,358	-	-
Corporation tax payable		-	54,005	-	7,811
Other taxation and social security		273,089	248,827	-	2,607
Trade creditors		574,478	557,346	-	-
Amounts due to subsidiary undertakings		-	-	123	49
Other creditors		513,316	612,453	-	-
Accruals and deferred income		397,208	-	230,312	-
		<u>2,211,058</u>	<u>2,646,955</u>	<u>230,435</u>	<u>10,467</u>

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	17	15,253,236	11,515,820	-	-
Other borrowings	17	-	2,496,453	-	2,496,453
		<u>15,253,236</u>	<u>14,012,273</u>	<u>-</u>	<u>2,496,453</u>

### 17 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	15,706,203	12,358,173	-	-
Bank overdrafts	-	71,088	-	-
Other loans	-	2,496,453	-	2,496,453
	<u>15,706,203</u>	<u>14,925,714</u>	<u>-</u>	<u>2,496,453</u>
Payable within one year	452,967	913,441	-	-
Payable after one year	<u>15,253,236</u>	<u>14,012,273</u>	<u>-</u>	<u>2,496,453</u>

Bank loans totaling £15,706,203 (2017: £12,358,173) and the bank overdraft totaling £Nil (2017: £71,088) are secured by fixed and floating charges on the group's assets.

The gross bank loan, before deducting future arrangement costs of £118,796 (2017: £76,351) in accordance with FRS102, was £15,825,000 (2017: £12,434,522).

The loan bears interest at 2.6% over 3 month LIBOR and is repayable by June 2022 with quarterly capital repayments based on a 20 year repayment profile. The directors consider that the carrying amounts of the bank loan, overdraft and other loans approximate their fair value.

# H CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

#### 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 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
<b>Group</b>				
Accelerated capital allowances	80,483	104,194	-	-
Unpaid interest	-	-	-	180,877
	<u>80,483</u>	<u>104,194</u>	<u>-</u>	<u>180,877</u>
	Liabilities 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
<b>Company</b>				
Unpaid interest	-	-	-	180,877
	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,877</u>
			Group 2018 £	Company 2018 £
<b>Movements in the year:</b>				
Liability/(Asset) at 1 April 2017			(76,683)	(180,877)
Debit /(Credit) to profit and loss			157,166	180,877
			<u>80,483</u>	<u>-</u>
Liability at 31 March 2018				

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 £2,338,742 (2017: £1,995,741).

#### 19 Share capital

	Group and company	
	2018 £	2017 £
<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 (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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#### 20 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	<u>665,577</u>	<u>585,091</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 is owned by a director who resigned during the year. At the year end, the company owed Goldvista Properties Limited £Nil (2017: £161,727) in loan notes and accrued interest. During the year the company paid interest of £1,282 (2017: £5,750) to Goldvista Properties Limited.

At the year end, the company owed a director £17,717 (2017: £184,001) in loan notes and accrued interest. During the year the company paid interest of £1,459 (2017: £6,542) to the director.

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 2018

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#### 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. During the year, purchases of £341,429 (2017: £601,683) 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 £18,722 (2017: £30,794) by Harkstave Healthcare Projects Limited.

At the balance sheet date, a director was owed £2,500 (2017: £3,000) by the group. During the year the group paid £27,000 (2017: £12,000) to the director for services.

At the balance sheet date, Alan Rosenbach Consulting Limited, a company owned by director, was owed £Nil (2017: £2,070) by the group. During the year the group paid £12,186 (2017: £18,817) to Alan Rosenbach Consulting Limited for consultancy services.

At the balance sheet date, a director was owed £12,774 (2017: £Nil) by the group. During the year the group paid £72,556 (2017: £13,320) to the director for legal services.

Actualised Living PLC is owned and controlled by three of the directors. At the balance sheet date the group owed £2,500 (2017: £7,500) to Actualised Living PLC. During the year a management charges of £2,500 (2017: £7,500) was made by Actualised Living PLC.

## H CARE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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#### 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 2018 £	2017 £	Company 2018 £	2017 £
Within one year	215,215	166,271	-	-
Between two and five years	242,999	318,354	-	-
	<u>458,214</u>	<u>484,625</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.

#### 23 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 13).

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 £.

## H CARE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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#### 24 Cash generated from group operations

	2018 £	2017 £
Profit for the year after tax	1,268,337	891,389
Adjustments for:		
Taxation charged	149,345	63,170
Finance costs	474,270	548,201
Investment income	(373)	-
Loss/(gain) on disposal of tangible fixed assets	6,409	(8,313)
Depreciation and impairment of tangible fixed assets	418,314	346,880
Movements in working capital:		
(Increase) in debtors	(52,633)	(317,558)
Increase in creditors	339,466	305,387
<b>Cash generated from operations</b>	<b>2,603,135</b>	<b>1,829,156</b>