

Registered number: 09262881

HARTFORD CARE GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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HARTFORD CARE GROUP LIMITED

COMPANY INFORMATION

Directors	S F Gavin I M Pearman L C Levin D A Steele
Registered number	09262881
Registered office	2nd Floor Clifton House Bunnian Place Basingstoke RG21 7JE
Independent auditor	James Cowper Kreston Chartered Accountants and Statutory Auditor Reading Bridge House George Street Reading Berkshire RG1 8LS

HARTFORD CARE GROUP LIMITED

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HARTFORD CARE GROUP LIMITED

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019

BUSINESS REVIEW

The group produced turnover of £21,131,630 for the year to 31 March 2019 from its principal business of operating residential and nursing care homes for the elderly. This represents growth of 39.7% over the previous year's turnover of £15,126,850. This increase is primarily due to the first full year of turnover from the three care homes acquired as part of Scio Healthcare Ltd in January 2018. The overall average occupancy rate for the group of 86.4% was in line with the prior year.

Operating profit (as adjusted after taking out the fair value movements and exceptional items) increased 53.5% up to £4,617,069 (2018: £3,007,556) which equates to 21.8% of turnover (2018: 19.9% of turnover).

Net assets at 31 March 2019 increased by 9.3% up to £33,663,555 (2018: £30,807,101). The bank loan to value percentage decreased to 47.9% (2018: 50.8%), while the gross leverage ratio fell to 5.1 (2018: 8.1).

PRINCIPAL RISKS AND UNCERTAINTIES

There are a variety of regulatory, political and economic factors that impact the way we manage our business and influence how we not only maintain, but continually strive to improve, the quality of care that we deliver. The following principal risks and uncertainties for the group have been identified:

Regulatory environment

The group's activities are subject to a high level of regulation and inspection by the Care Quality Commission. The risk from the negative effects of any non-compliance is the impact which it may have on the group's reputation and profits. Inspections of the group's care homes take place on a regular basis. The risks are mitigated by a strict management reporting regime that is part of a rigorous process of internal control over quality and compliance, along with evolving policies and practices that take into account changes in regulatory obligations.

Competition

Competition comes from the significant investment in the private pay market in the South of England where the number of care home businesses is growing. This is driven by the ageing demographics and the increasing demand for residential and dementia care. The risk of competition is mitigated by a tight focus on maintaining quality standards and adherence to values in the specific niche within the growing market place that the business operates in-between the small and larger operators.

Staffing

The quality of the person-centric care that we deliver within the framework of our core values of care, comfort and companionship, is very much dependent upon our staff who deliver that care. As part of the process of managing the risks around the recruitment and retention of suitably qualified staff, the group has implemented a strategy to ensure that it exceeds the nationally published pay benchmarks in a financially responsible way. The risks are further mitigated through the adoption of a clearly defined recruitment strategy, a comprehensive induction process, and an ongoing training and development programme for all management, care, and other personnel.

Alongside this, we are investing in technology to support the work that our carers do. By investing in solutions that allow the digital recording of daily notes and care plans on mobile devices, we are reducing the administrative burden placed on our carers and freeing up more time for face-to-face interaction with the residents. By doing this we are committing to improve the quality of life, not just for our residents, but for our carers too.

Financial risks

The principal financial risks faced by the group are liquidity risk and interest rate risk. Borrowing facilities in the form of bank loans have been established and secured on the assets of the business. The group prepares regular cash flow forecasts taking into account the predictable operational revenue and cost streams, and the debt servicing ratios are managed in line with bank covenants. The directors do not perceive that the servicing of debt poses any significant risk to the group given its size in relation to the group's net assets.

HARTFORD CARE GROUP LIMITED

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

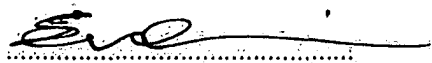
FINANCIAL KEY PERFORMANCE INDICATORS

The key performance indicators for the company have been identified as follows:

	2019	2018	Change
Turnover	£21,131,630	£15,126,850	39.7%
Mature Occupancy Rate	86.4%	86.0%	
Operating profit*	£4,617,069	£3,007,556	53.5%
Operating profit % of turnover	21.8%	19.9%	
Net assets	£33,663,555	£30,807,101	9.3%
Tangible fixed assets	£57,172,434	£57,280,409	-0.2%
Loan to value ratio	47.9%	50.8%	
Debt servicing ratio	5.1	8.1	

* adjusted to exclude property impairments and fair value movements.

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



S F Gavin
Director

Date: 5th August 2019

HARTFORD CARE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

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

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £2,856,454 (2018 - £1,516,521).

No dividends were declared in the current or prior period.

Directors

The directors who served during the year were:

S F Gavin
I M Pearman
L C Levin
D A Steele

Future developments

These matters have been detailed in the Strategic report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

HARTFORD CARE GROUP LIMITED

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

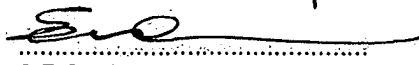
Post balance sheet events

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

Auditor

The auditor, James Cowper Kreston, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



S F Gavin
Director

Date: 5th August 2019

HARTFORD CARE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HARTFORD CARE GROUP LIMITED

Opinion

We have audited the financial statements of Hartford Care Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2019, which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

HARTFORD CARE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HARTFORD CARE GROUP LIMITED (CONTINUED)

required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

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 Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, 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.

HARTFORD CARE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HARTFORD CARE GROUP LIMITED (CONTINUED)

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Alexander Peal BSc (Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of
James Cowper Kreston

Chartered Accountants and Statutory Auditor

Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Date: 5 August 2019

HARTFORD CARE GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	As restated 2018 £
Turnover	4	21,131,630	15,126,850
Cost of sales		(11,299,746)	(7,694,648)
Gross profit		9,831,884	7,432,202
Exceptional items	14	(800,000)	(1,004,440)
Administrative expenses		(5,357,934)	(4,561,980)
Other operating income	5	143,119	137,334
Fair value movements	6	124,593	304,688
Operating profit	7	3,941,662	2,307,804
Share of profit of joint venture		472,365	420,870
Total operating profit		4,414,027	2,728,674
Income from other fixed asset investments		138,696	59,934
Interest receivable and similar income	11	969	171,194
Interest payable and similar expenses	12	(982,092)	(906,012)
Profit before tax		3,571,600	2,053,790
Tax on profit	13	(715,146)	(537,269)
Profit for the financial year		2,856,454	1,516,521

The notes on pages 16 to 39 form part of these financial statements.

HARTFORD CARE GROUP LIMITED

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

	2019 £	2018 £
Profit for the financial year	2,856,454	1,516,521
Other comprehensive income		
Unrealised surplus on revaluation of tangible fixed assets	-	8,126,506
Deferred tax movement	-	(1,520,060)
Surplus on revaluation of fixed assets in joint ventures	-	718,875
Unrealised (deficit)/surplus on revaluation of fixed asset investments	-	(2,060)
Other comprehensive income for the year	-	7,323,261
Total comprehensive income for the year	2,856,454	8,839,782

The notes on pages 16 to 39 form part of these financial statements.

HARTFORD CARE GROUP LIMITED
REGISTERED NUMBER: 09262881

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	15	729,405	813,114
Tangible assets	16	57,172,434	57,280,409
Investments	17	3,260,598	3,047,891
		<u>61,162,437</u>	<u>61,141,414</u>
Current assets			
Stocks	18	277,006	298,118
Debtors	19	812,314	1,024,576
Bank and cash balances		4,742,099	3,173,425
		<u>5,831,419</u>	<u>4,496,119</u>
Creditors: amounts falling due within one year	20	(5,899,432)	(5,531,902)
Net current liabilities		<u>(68,013)</u>	<u>(1,035,783)</u>
Total assets less current liabilities		<u>61,094,424</u>	<u>60,105,631</u>
Creditors: amounts falling due after more than one year	21	(25,744,698)	(27,585,458)
Provisions for liabilities			
Deferred taxation	24	(1,686,171)	(1,713,072)
		<u>(1,686,171)</u>	<u>(1,713,072)</u>
Net assets		<u><u>33,663,555</u></u>	<u><u>30,807,101</u></u>
Capital and reserves			
Called up share capital	25	200	200
Share premium account	26	19,576,142	19,576,142
Revaluation reserve	26	7,425,992	7,425,992
Profit and loss account	26	6,661,221	3,804,767
		<u>33,663,555</u>	<u>30,807,101</u>

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



S F Gavin

Director

Date: 5th August 2019


The notes on pages 16 to 39 form part of these financial statements.

HARTFORD CARE GROUP LIMITED
REGISTERED NUMBER: 09262881

COMPANY BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	16	52,853	40,831
Investments	17	18,909,802	18,909,802
		<u>18,962,655</u>	<u>18,950,633</u>
Current assets			
Debtors	19	14,649,915	15,442,070
Bank and cash balances		1,427,255	241,771
		<u>16,077,170</u>	<u>15,683,841</u>
Creditors: amounts falling due within one year	20	(373,067)	(425,908)
Net current assets		<u>15,704,103</u>	<u>15,257,933</u>
Total assets less current liabilities		<u>34,666,758</u>	<u>34,208,566</u>
Creditors: amounts falling due after more than one year	21	(17,120,000)	(14,782,468)
Net assets		<u><u>17,546,758</u></u>	<u><u>19,426,098</u></u>
Capital and reserves			
Called up share capital	25	200	200
Share premium account	26	19,576,142	19,576,142
Profit and loss account	26	(2,029,584)	(150,244)
		<u><u>17,546,758</u></u>	<u><u>19,426,098</u></u>

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


S F Gavin
 Director

Date: 5th August 2019

The notes on pages 16 to 39 form part of these financial statements.

HARTFORD CARE GROUP LIMITED

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

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2018	200	19,576,142	7,425,992	3,804,767	30,807,101
Comprehensive income for the year					
Profit for the year	-	-	-	2,856,454	2,856,454
At 31 March 2019	200	19,576,142	7,425,992	6,661,221	33,663,555

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

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2017	200	19,576,142	102,731	2,288,246	21,967,319
Comprehensive income for the year					
Profit for the year	-	-	-	1,516,521	1,516,521
Surplus on revaluation of freehold property	-	-	8,126,506	-	8,126,506
Deferred tax movements	-	-	(1,520,060)	-	(1,520,060)
Surplus on revaluation of fixed assets in joint ventures	-	-	718,875	-	718,875
Impairment on revaluation of investments	-	-	(2,060)	-	(2,060)
At 31 March 2018	200	19,576,142	7,425,992	3,804,767	30,807,101

The notes on pages 16 to 39 form part of these financial statements.

HARTFORD CARE GROUP LIMITED

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2018	200	19,576,142	(150,244)	19,426,098
Loss for the year	-	-	(1,879,340)	(1,879,340)
At 31 March 2019	200	19,576,142	(2,029,584)	17,546,758

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	200	19,576,142	1,627,464	21,203,806
Loss for the year	-	-	(1,777,708)	(1,777,708)
At 31 March 2018	200	19,576,142	(150,244)	19,426,098

The notes on pages 16 to 39 form part of these financial statements.

HARTFORD CARE GROUP LIMITED

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

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	2,856,454	1,452,361
Adjustments for:		
Amortisation of intangible assets	83,709	23,987
Depreciation of tangible assets	702,429	546,605
Impairments of fixed assets	-	1,004,440
(Profit)/loss on disposal of tangible assets	(10,441)	12,620
Interest paid	982,092	906,012
Interest received	(969)	(171,194)
Taxation charge	715,146	601,430
Decrease/(increase) in stocks	21,112	(125,518)
Decrease in debtors	77,218	2,862,965
Dividends received from joint ventures	(50,000)	-
(Decrease)/increase in creditors	(357,988)	81,646
Net fair value (gains) recognised in P&L	(124,593)	(263,543)
Share of operating (profit)/loss in joint ventures	(472,365)	(420,870)
Corporation tax (paid)	(751,642)	(178,619)
Settlement of defined benefit pension scheme	800,000	-
Net cash generated from operating activities	4,470,162	6,332,322
Cash flows from investing activities		
Purchase of tangible fixed assets	(598,215)	(294,354)
Sale of tangible fixed assets	14,200	-
Sale of unlisted investments	131,273	131,443
Purchase of unlisted and other investments	-	(18,819,135)
Interest received	1	171,194
Dividends received from joint ventures	50,000	-
Net cash from investing activities	(402,741)	(18,810,852)
Cash flows from financing activities		
New secured loans	-	11,411,840
Repayment of loans	(1,711,086)	-
Repayment of other loans	-	(50,000)
Settlement of interest rate swaps	91,142	-
Interest paid	(878,803)	(795,467)
Net cash used in financing activities	(2,498,747)	10,566,373
Net increase/(decrease) in cash and cash equivalents	1,568,674	(1,912,157)
Cash and cash equivalents at beginning of year	3,173,425	4,951,911
Foreign exchange gains and losses	-	133,671

HARTFORD CARE GROUP LIMITED

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

	2019 £	2018 £
Cash and cash equivalents at the end of year	4,742,099	3,173,425
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,742,099	3,173,425
	4,742,099	3,173,425

The notes on pages 16 to 39 form part of these financial statements.

HARTFORD CARE GROUP LIMITED

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

1. General information

Hartford Care Group Limited is a private company, incorporated in England and limited by shares. The registered office of the company is 2nd Floor, Clifton House, Bunnian Place, Basingstoke, RG21 7JE.

Details of the group's operations and of its principal activities are disclosed in the Strategic Report on page 1 of the accounts.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

2.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

HARTFORD CARE GROUP LIMITED

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

2. Accounting policies (continued)

2.4 Intangible assets

Goodwill

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

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.5 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property improvements-	5% - 10% per annum on cost
Plant and machinery	- 5% - 10% per annum on cost
Motor vehicles	- 20% per annum on cost
Fixtures and fittings	- 10% - 50% per annum on cost
Office/computer equipment	- 20% - 50% per annum on cost

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

HARTFORD CARE GROUP LIMITED

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

2. Accounting policies (continued)

2.6 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date. Accordingly no depreciation is charged on properties.

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

Revaluation gains and losses are recognised in the Statement of Other Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.7 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in joint ventures and associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is accounted for as goodwill.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.9 Stocks

Stocks are related to the leaseholds held for sale at the year end, and are stated at the lower of cost and net realisable value, being the estimated selling price less costs to sell.

HARTFORD CARE GROUP LIMITED

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

2. Accounting policies (continued)

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

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

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

2.12 Financial instruments

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

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

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

Derivatives, including interest rate swaps are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Profit and Loss Account. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.13 Creditors

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

HARTFORD CARE GROUP LIMITED

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

2. Accounting policies (continued)

2.14 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Profit and Loss Account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Profit and Loss Account in the same period as the related expenditure.

2.15 Finance costs

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

2.16 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

2.17 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit scheme

The Group operates a defined benefit pension scheme. The regular pension cost is charged to the Profit and Loss Account and is based on the expected pension costs over the service life of the employees. The current pension surplus is not recognised in the Balance Sheet.

As the scheme is closed the current service cost under the projected unit method will increase as the members of the scheme approach retirement. The regular pension cost is charged to the Profit and Loss Account and is based on the expected pension costs over the service life of the employees. The contributions to the scheme are determined by a qualified independent actuary on the basis of triennial actuarial valuations. The group has adopted in full the provisions of FRS 102.

2.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.19 Interest income

Interest income is recognised in the Consolidated Profit and Loss Account using the effective interest method.

HARTFORD CARE GROUP LIMITED

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

2. Accounting policies (continued)

2.20 Borrowing costs

All borrowing costs are recognised in the Consolidated Profit and Loss Account in the year in which they are incurred.

2.21 Provisions for liabilities

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

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

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

2.22 Current and deferred taxation

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

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

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

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

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

2.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

HARTFORD CARE GROUP LIMITED

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

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Taxation (see note 13)

The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience with previous tax submissions. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Tangible fixed assets (see note 16)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

Operating lease commitments (see note 28)

The Group has entered into commercial lease contracts and as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Group, the operation of residential care homes.

All turnover arose within the United Kingdom.

5. Other operating income

	2019 £	2018 £
Care home management charges	111,052	107,762
Government grants receivable	11,903	13,266
Other income	20,164	16,306
	<u>143,119</u>	<u>137,334</u>

HARTFORD CARE GROUP LIMITED

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

6. Fair value movements

	2019 £	2018 £
Fair value movement on financial instruments	91,140	275,577
Fair value movement on financial instruments in joint venture	38,821	77,743
Other fair value movements	(5,368)	(48,632)
	<u>124,593</u>	<u>304,688</u>

7. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	702,429	546,605
Impairment of tangible fixed assets	-	1,004,440
Amortisation of intangible assets, including goodwill	83,709	23,987
Operating lease rentals	47,107	47,107
Defined contribution pension cost	156,031	81,012
Defined benefit pension cost	109,000	331,605
Government grants	<u>11,903</u>	<u>13,266</u>

8. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	62,621	61,098
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	19,374	18,912
All other services	<u>15,655</u>	<u>15,270</u>

HARTFORD CARE GROUP LIMITED

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

9. Employees

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	11,221,778	8,974,283	1,399,510	1,299,647
Social security costs	802,859	597,925	151,550	143,716
Cost of defined contribution scheme	156,031	81,116	44,177	38,013
	12,180,668	9,653,324	1,595,237	1,481,376

During the year under review there was a defined benefit pension scheme cost of £109,000 (2018: £331,605), this scheme is closed and no current employees are enrolled in the scheme.

A provision of £800,000 (2018: £Nil) has been made for the settlement of the defined benefit pension scheme.

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

	2019 No.	2018 No.
Directors	4	4
Operations	576	377
Administration and finance	16	16
	596	397

HARTFORD CARE GROUP LIMITED

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

10. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	360,585	398,601
Company contributions to defined contribution pension schemes	10,000	10,000
	<u>370,585</u>	<u>408,601</u>

During the year retirement benefits were accruing to no directors (2018 - Nil) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £317,548 (2018 - £356,257).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2018 - £10,000).

All directors and certain senior employees who have responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals, including employer national insurance and pension contributions is £845,917 (2018: £864,199).

11. Interest receivable

	2019 £	2018 £
Share of joint venture's interest receivable	968	202
Other interest receivable	1	170,992
	<u>969</u>	<u>171,194</u>

12. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	878,803	791,910
Share of joint venture's interest payable	103,289	110,747
Finance leases and hire purchase contracts	-	3,335
Other interest payable	-	20
	<u>982,092</u>	<u>906,012</u>

HARTFORD CARE GROUP LIMITED

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

13. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	664,996	479,410
Adjustments in respect of previous periods	(12,863)	5,335
Share in joint venture's current tax	82,564	61,189
Total current tax	734,697	545,934
Deferred tax		
Share in joint venture's deferred tax	7,350	16,500
Origination and reversal of timing differences	(27,541)	(25,165)
Adjustments in respect of prior periods	640	-
Total deferred tax	(19,551)	(8,665)
Taxation on profit on ordinary activities	715,146	537,269

HARTFORD CARE GROUP LIMITED

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

13. Taxation (continued)

Factors affecting tax charge for the year

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

	2019 £	2018 £
Profit on ordinary activities before tax	<u>3,571,600</u>	<u>2,053,790</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	678,604	390,220
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(4,379)	200,747
Capital allowances for year in excess of depreciation	6,552	5,284
Adjustments to tax charge in respect of prior periods	(12,223)	(44,897)
Non-taxable income	(30,076)	-
Capital gains/(Losses)	(41,022)	-
Losses carried back	2,436	-
Share in joint venture's current tax	82,564	61,189
Share in joint venture's deferred tax	7,350	16,500
Other differences (including exempt income) leading to an increase/(decrease) in the tax charge	(75,023)	(62,805)
Deferred tax not recognised	102,890	138,190
Movement in average rate of deferred tax	(2,527)	(167,159)
Total tax charge for the year	<u><u>715,146</u></u>	<u><u>537,269</u></u>

14. Exceptional items

	2019 £	2018 £
Property impairments	-	1,004,440
Defined benefit pension scheme one-off settlement payment	800,000	-
	<u><u>800,000</u></u>	<u><u>1,004,440</u></u>

HARTFORD CARE GROUP LIMITED

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

15. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 April 2018	837,101
At 31 March 2019	<u>837,101</u>
Amortisation	
At 1 April 2018	23,987
Charge for the year	83,709
At 31 March 2019	<u>107,696</u>
Net book value	
At 31 March 2019	<u><u>729,405</u></u>
At 31 March 2018	<u><u>813,114</u></u>

All of the Group's intangible fixed assets arise on consolidation.

HARTFORD CARE GROUP LIMITED

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

16. Tangible fixed assets

Group

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Plant and machinery £	Office equipment £	Total £
Cost or valuation						
At 1 April 2018	54,248,722	86,506	4,711,931	694,280	183,865	59,925,304
Additions	67,663	36,390	340,585	105,554	48,023	598,215
Disposals	-	(44,490)	(59,294)	-	(8,085)	(111,869)
At 31 March 2019	54,316,385	78,406	4,993,222	799,834	223,803	60,411,650
Depreciation						
At 1 April 2018	382,845	58,093	1,975,741	103,271	124,945	2,644,895
Charge for the year	23,775	12,696	549,525	51,626	64,807	702,429
Disposals	-	(40,729)	(59,294)	-	(8,085)	(108,108)
At 31 March 2019	406,620	30,060	2,465,972	154,897	181,667	3,239,216
Net book value						
At 31 March 2019	53,909,765	48,346	2,527,250	644,937	42,136	57,172,434
At 31 March 2018	53,865,877	28,413	2,736,190	591,009	58,920	57,280,409

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

	2019 £	2018 £
Freehold	53,808,514	53,766,011
Long leasehold	101,251	101,251
	<u>53,909,765</u>	<u>53,867,262</u>

HARTFORD CARE GROUP LIMITED

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

16. Tangible fixed assets (continued)

Company

	Motor vehicles £	Office equipment £	Total £
Cost or valuation			
At 1 April 2018	33,616	35,018	68,634
Additions	28,000	12,316	40,316
At 31 March 2019	61,616	47,334	108,950
Depreciation			
At 1 April 2018	8,964	18,839	27,803
Charge for the year on owned assets	11,857	16,437	28,294
At 31 March 2019	20,821	35,276	56,097
Net book value			
At 31 March 2019	40,795	12,058	52,853
At 31 March 2018	24,652	16,179	40,831

17. Fixed asset investments

Group

	Unlisted investments £	Investment in joint ventures £	Total £
Cost or valuation			
At 1 April 2018	463,776	2,584,115	3,047,891
Additions	-	318,949	318,949
Disposals	(131,273)	-	(131,273)
Revaluations	25,031	-	25,031
At 31 March 2019	357,534	2,903,064	3,260,598

HARTFORD CARE GROUP LIMITED

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

17. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2018	18,909,802
At 31 March 2019	18,909,802

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Whites Investments Limited	Holding company	Ordinary	100%
Whites Limited	Investment company	Ordinary	100%
Hartford Care Limited *	Care home operator	Ordinary	100%
Hartford Care (2) Limited *	Care home operator	Ordinary	100%
Hartford Care (3) Limited *	Holding company	Ordinary	100%
Hartford Care (4) Limited	Care home operator	Ordinary	100%
Hartford Care (5) Limited	Care home operator	Ordinary	100%
Hartford Care (Southern) Limited *	Care home operator	Ordinary	100%
Hartford Care (South West) Limited *	Care home operator	Ordinary	100%
WH Estates Holdings Limited *	Holding company	Ordinary	100%
WH Estates Limited *	Holding company	Ordinary	100%
WH Estates South East Limited *	Property investment	Ordinary	100%
Hartford Care (6) Limited	Holding company	Ordinary	100%
Burnham Lodge Holdings Limited *	Property investment	Ordinary	100%
Burnham Lodge Limited *	Care home operator	Ordinary	100%
Hartford Care (7) Limited	Holding company	Ordinary	100%
SCIO Healthcare Limited *	Care home operator	Ordinary	100%
Courtdrift Limited *	Leasehold property vendor	Ordinary	100%

* denotes indirect shareholding in a subsidiary.

HARTFORD CARE GROUP LIMITED

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

18. Stocks

	Group 2019 £	Group 2018 £
Leaseholds for sale	274,006	295,118
Stock of land	3,000	3,000
	<u>277,006</u>	<u>298,118</u>

19. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due after more than one year				
Amounts owed by group undertakings	-	-	14,353,908	15,142,469
Other debtors	-	7,500	-	-
	<u>-</u>	<u>7,500</u>	<u>14,353,908</u>	<u>15,142,469</u>
Due within one year				
Trade debtors	285,170	462,963	17,093	23,659
Other debtors	3,781	10,865	-	-
Called up share capital not paid	252,307	252,307	252,307	252,307
Prepayments and accrued income	271,056	290,941	23,080	23,635
Deferred taxation	-	-	3,527	-
	<u>812,314</u>	<u>1,024,576</u>	<u>14,649,915</u>	<u>15,442,070</u>

20. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	1,719,881	1,705,155	-	-
Trade creditors	410,429	453,688	52,444	44,430
Corporation tax	614,520	528,596	-	-
Other taxation and social security	157,128	182,605	47,648	36,725
Other creditors	1,212,454	463,468	11,796	6,599
Accruals and deferred income	1,785,020	2,198,390	261,179	338,154
	<u>5,899,432</u>	<u>5,531,902</u>	<u>373,067</u>	<u>425,908</u>

HARTFORD CARE GROUP LIMITED

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

21. Creditors: Amounts falling due after more than one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	25,651,294	27,377,106	-	-
Amounts owed to group undertakings	-	-	17,120,000	14,782,468
Accruals and deferred income	93,404	117,210	-	-
Financial instruments (after 1 yr)	-	91,142	-	-
	<u>25,744,698</u>	<u>27,585,458</u>	<u>17,120,000</u>	<u>14,782,468</u>

22. Secured loans

Bank loans are secured by a floating charge over the assets of the Group.

	Group 2019 £	Group 2018 £
Amounts falling due within one year		
Bank loans	1,719,881	1,705,155
	<u>1,719,881</u>	<u>1,705,155</u>
Amounts falling due between one and two years		
Bank loans	5,236,701	1,770,511
	<u>5,236,701</u>	<u>1,770,511</u>
Amounts falling due between two and five years		
Bank loans	16,868,623	21,351,306
	<u>16,868,623</u>	<u>21,351,306</u>
Amounts falling due after five years		
Bank loans	3,545,970	4,255,289
	<u>3,545,970</u>	<u>4,255,289</u>

The bank loans repayable after more than 5 years are loans which are repayable over a 20 year term and are subject to an interest rate of 1.25% over the base rate.

HARTFORD CARE GROUP LIMITED

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

23. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Financial assets measured at fair value through profit or loss	5,018,105	3,637,201	1,427,255	241,771
Financial assets that are debt instruments measured at amortised cost	578,431	436,898	14,371,001	15,121,698
	<u>5,596,536</u>	<u>4,074,099</u>	<u>15,798,256</u>	<u>15,363,469</u>
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	-	(91,142)	-	-
Financial liabilities measured at amortised cost	(28,483,538)	(29,954,987)	(17,184,240)	(14,789,068)
	<u>(28,483,538)</u>	<u>(29,863,845)</u>	<u>(17,184,240)</u>	<u>(14,789,068)</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents and unlisted investments.

Financial assets that are measured at amortised cost comprise trade, other debtors and amounts owed by group undertakings (Company only).

Financial liabilities measured at amortised cost comprise bank and other loans, trade and other creditors, and amounts owed to group undertakings (Company only).

Derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps.

24. Deferred taxation

Group

	2019 £	2018 £
At beginning of year	(1,713,072)	(178,347)
Charged to profit or loss	26,901	25,165
Charged to other comprehensive income	-	(1,520,060)
Arising on business combinations	-	(39,830)
At end of year	<u>(1,686,171)</u>	<u>(1,713,072)</u>

HARTFORD CARE GROUP LIMITED

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

24. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Short term timing differences	126,620	40,227	587	-
Tax losses carried forward	40,515	43,231	-	-
Accelerated capital allowances	(295,306)	(276,470)	2,940	-
Revaluation surplus	(1,558,000)	(1,520,060)	-	-
	<u>(1,686,171)</u>	<u>(1,713,072)</u>	<u>3,527</u>	<u>-</u>

25. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
19,517,240 (2018 - 19,517,240) Ordinary shares of £0.000010 each	<u>195</u>	<u>195</u>
Allotted, called up and partly paid		
504,613 (2018 - 504,613) Ordinary shares of £0.000010 each	<u>5</u>	<u>5</u>

26. Reserves

Share premium account

This reserve represents the amount above the nominal value received for shares issued, less transaction costs.

Revaluation reserve

The revaluation reserve is made up of the excess arising following the revaluation of the company's investment in Hartwood Residential Limited, the share of the revaluation reserve of the joint venture and the surplus in revaluation of freehold properties within the subsidiaries.

Profit and loss account

This reserve represents the cumulative profit net of dividends paid.

HARTFORD CARE GROUP LIMITED

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

27. Pension commitments

The Group operates a Defined Benefit Pension Scheme.

This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 5 April 2014 and updated to 31 March 2019 by a qualified actuary, independent of the scheme's sponsoring employer, Whites Limited. The major assumptions used by the actuary are shown below.

This actuarial valuation as at 6 April 2014 showed a deficit of £601,000. The employer has agreed with the trustees to eliminate the deficit by the payment of annual contributions of £109,000 for 5 years and 4 months from 5 April 2015. Of these, £77,000 increasing at 3% p.a. will be paid in respect of the deficit and the balance of the annual contribution will be used to meet expenses of running the scheme, excluding the Pension Protection Fund levy which will be met separately by Whites Limited in addition. The above contributions are paid monthly and are as per the 5 April 2014 actuarial valuation.

Reconciliation of present value of plan liabilities:

	2019 £	2018 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	2,063,000	2,030,000
Expenses	27,000	25,000
Interest cost	47,000	52,000
Actuarial gains/losses	81,000	76,000
Benefits paid	(78,000)	(120,000)
Liabilities extinguished on settlements	(349,000)	-
Gain/loss on due to benefit changes	(15,000)	-
At the end of the year	1,776,000	2,063,000

Reconciliation of present value of plan assets:

	2019 £	2018 £
At the beginning of the year	2,201,000	2,159,000
Interest income	53,000	56,000
Actuarial gains/losses	(28,000)	(3,000)
Contributions	332,000	109,000
Benefits paid	(78,000)	(120,000)
Assets distributed on settlements	(622,000)	-
At the end of the year	1,858,000	2,201,000

HARTFORD CARE GROUP LIMITED

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

27. Pension commitments (continued)

Composition of plan assets:

	2019 £	2018 £
Equities	464,000	675,000
Corporate bonds	859,000	928,000
Gilts	320,000	399,000
Cash / other	215,000	199,000
Total plan assets	1,858,000	2,201,000

	2019 £	2018 £
Fair value of plan assets	1,858,000	2,201,000
Present value of plan liabilities	(1,776,000)	(2,063,000)
Assets not recognised in the financial statements	(82,000)	(138,000)
Net pension scheme liability	-	-

The amounts recognised in profit or loss are as follows:

	2019 £	2018 £
Current service cost	109,000	109,000
Total	109,000	109,000

The cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income was £Nil (2018 - £Nil).

The Group expects to contribute £109,000 to its Defined Benefit Pension Scheme in 2020.

HARTFORD CARE GROUP LIMITED

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

27. Pension commitments (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2019 %	2018 %
Discount rate	2.3	2.6
Allowance for revaluation of deferred pensions	3.4	3.3
Inflation assumption	3.4	3.3
Mortality rates		
- for a male aged 65 now	22.0	21.9
- at 65 for a male aged 45 now	23.9	23.3
- for a female aged 65 now	23.4	23.8
- at 65 for a female member aged 45 now	25.4	25.4

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2019 £	2018 £	2017 £	2016 £	2015 £
Defined benefit obligation	(1,776,000)	(2,063,000)	(2,030,000)	(2,591,000)	(2,753,000)
Scheme assets	1,858,000	2,201,000	2,159,000	3,138,000	3,077,000
Surplus	82,000	138,000	129,000	547,000	324,000

28. Commitments under operating leases

At 31 March 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Not later than 1 year	47,107	47,107
Later than 1 year and not later than 5 years	23,554	70,661
	70,661	117,768

HARTFORD CARE GROUP LIMITED

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

29. Related party transactions

The Group is exempt from disclosing related party transactions within the group by virtue of the provisions of FRS 102 section 33.1A.

During the year, the Group charged H W Group Limited £111,052 (2018: £107,762) in management fees and recharged expenses of £53,605 (2018: £61,937). The balance outstanding at the year end, due by H W Group Limited to the Group, was £8,330 (2018: £1,310).

During the year the company recharged expenses of £Nil (2018: £9,357) to Leaders Quest Limited, a company controlled by Lindsay Levin. Leaders Quest recharged expenses of £3,037 (2018: £Nil) to the company. At the year end, the outstanding balance was £469 (2018: £469).

30. Controlling party

At the period end, the group had no one controlling party.

31. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The loss after tax of the parent Company for the year was £1,879,340 (2018 - loss £1,777,708).

32. Prior year restatement

The prior year Statement of Comprehensive Income has been restated as a result of a reclassification between cost of sale and administrative expenses totalling £1,168,052. The adjustment has been made to bring a subsidiary company into alignment with the group's accounting policies. This has no impact on the financial performance of the group.