

**HARTFORD CARE GROUP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

# HARTFORD CARE GROUP LIMITED

## COMPANY INFORMATION

### Directors

S F Gavin  
I M Pearman  
L C Levin  
D A Steele (resigned 27 January 2020)  
D S Levin (appointed 7 August 2019)  
M Fisch (appointed 19 February 2020)

### Registered number

09262881

### Registered office

2nd Floor  
Clifton House  
Bunnian Place  
Basingstoke  
RG21 7JE

### Independent auditors

James Cowper Kreston  
Chartered Accountants and Statutory Auditor  
Reading Bridge House  
George Street  
Reading  
Berkshire  
RG1 8LS

**HARTFORD CARE GROUP LIMITED**

**CONTENTS**

	Page
<b>Group strategic report</b>	<b>1 - 2</b>
<b>Directors' report</b>	<b>3 - 4</b>
<b>Independent auditors' report</b>	<b>5 - 7</b>
<b>Consolidated profit and loss account</b>	<b>8</b>
<b>Consolidated balance sheet</b>	<b>9</b>
<b>Company balance sheet</b>	<b>10</b>
<b>Consolidated statement of changes in equity</b>	<b>11</b>
<b>Company statement of changes in equity</b>	<b>12</b>
<b>Consolidated Statement of cash flows</b>	<b>13 - 14</b>
<b>Notes to the financial statements</b>	<b>15 - 44</b>

## HARTFORD CARE GROUP LIMITED

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

#### BUSINESS REVIEW

The Group produced turnover of £23.2 million for the year to 31 March 2020 from its principal business of operating residential and nursing care homes for the elderly. This represents growth of 9.8% over the previous year and is due to a combination of acquisitions and organic growth. Overall the average occupancy rate was 87.4% (2019: 86.0%).

Operating profit (excluding fair value movements and exceptional items) increased by 15.0% to £5.3 million which equates to 22.9% of turnover (2019: 21.8% of turnover).

This has been a busy year for the Group with the acquisition of the remaining 50% of the share capital of H. W. Group in January and the acquisition of a 32 bed care home, Belford House in February. In addition, the Group re-financed during the year, simplifying its banking arrangements and providing headroom for future growth.

#### Banking

On 24 January 2020 Hartford Care Group Limited entered into a new 5 year £45 million Facilities Agreement with National Westminster Bank Plc. This comprised an initial loan of £35 million and £10 million committed facility to provide the Group with expansion capacity. At the year end £3.1 million of the £10 million facility had been utilised to part fund the acquisition of Belford House's parent company, Four Marks Limited.

All banking covenants were met throughout the year.

#### 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 the Group's core values of Care, Comfort and Companionship.

##### 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 have invested 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 have reduced the administrative burden placed on our carers and freed more time for face-to-face interaction with our residents. By doing this we have committed to improve the quality of life, not just for our residents, but for our carers too.

## HARTFORD CARE GROUP LIMITED

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

#### 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. In addition, the Group has put in place an interest swap to fix the interest rate on the £35 million loan which was taken out during the year.

#### Covid-19 Pandemic

There has been much written in the press about the impact of the pandemic on care home businesses and their residents. This has undoubtedly been a challenging period for the Hartford Care Group but we appear to have coped well compared to some organisations in the sector. Many operational changes have been made to mitigate the risks associated with the pandemic. In March, a daily meeting chaired by the Group CEO was set up to specifically respond to the impact of the crisis on our homes. This proved to be a fast and effective way of handling operational challenges and implementation of evolving Government guidelines

#### FINANCIAL KEY PERFORMANCE INDICATORS

The key performance indicators of the Group have been identified as follows:

	2020	2019	Change
Turnover	£23,205,692	£21,131,630	9.8%
Occupancy Rate		87.4%	86.0%
Operating profit*	£5,308,915	£4,617,069	15.0%
Operating profit % of turnover		22.9%	21.8%
Net assets	£33,908,327	£33,663,555	0.7%
Tangible fixed assets	£70,534,188	£57,172,434	23.4%
Debt servicing ratio		4.3	5.1

\* adjusted to exclude exceptional costs and fair value movements.

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

.....  
**S F Gavin**

Director

Date: 18 September 2020

## HARTFORD CARE GROUP LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

#### 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 £2,745,979 (2019 - £2,856,454).

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 (resigned 27 January 2020)  
D S Levin (appointed 7 August 2019)  
M Fisch (appointed 19 February 2020)

#### Future developments

These matters have been discussed in the Strategic report.

**HARTFORD CARE GROUP LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

**Disclosure of information to auditors**

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 auditors are 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 auditors are aware of that information.

**Post balance sheet events**

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

**Auditors**

The auditors, 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: 18 September 2020

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 2020, which comprise the Group Profit and loss account, 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 2020 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 Auditors' 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 Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARTFORD CARE GROUP LIMITED (CONTINUED)**

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.

**Auditors' 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 Auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARTFORD CARE GROUP LIMITED (CONTINUED)

**Use of our report**

This report is made solely to the Company's members 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 Auditors' 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 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

7 October 2020

HARTFORD CARE GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover	4	23,205,692	21,131,630
Cost of sales		(12,744,619)	(11,299,746)
<b>Gross profit</b>		<b>10,461,073</b>	<b>9,831,884</b>
Exceptional administrative expenses	14	(808,026)	(800,000)
Administrative expenses		(5,333,079)	(5,357,934)
Other operating income	5	180,921	143,119
Fair value movements	6	(370,124)	124,593
<b>Operating profit</b>	7	<b>4,130,765</b>	<b>3,941,662</b>
Share of profit of joint ventures		426,921	472,365
<b>Total operating profit</b>		<b>4,557,686</b>	<b>4,414,027</b>
Income from other fixed asset investments		89,100	138,696
Interest receivable and similar income	11	334	969
Interest payable and similar expenses	12	(933,967)	(982,092)
<b>Profit before tax</b>		<b>3,713,153</b>	<b>3,571,600</b>
Tax on profit	13	(967,174)	(715,146)
<b>Profit for the financial year</b>		<b>2,745,979</b>	<b>2,856,454</b>

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated profit and loss account.

The notes on pages 15 to 44 form part of these financial statements.

**HARTFORD CARE GROUP LIMITED**  
**REGISTERED NUMBER: 09262881**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	15	1,374,760	729,405
Tangible assets	16	70,534,188	57,172,434
Investments	17	58,357	3,260,598
		<u>71,967,305</u>	<u>61,162,437</u>
<b>Current assets</b>			
Stocks	18	134,984	277,006
Debtors: amounts falling due within one year	19	805,037	812,314
Bank and cash balances		6,712,650	4,742,099
		<u>7,652,671</u>	<u>5,831,419</u>
Creditors: amounts falling due within one year	20	(6,833,152)	(5,899,432)
<b>Net current assets/(liabilities)</b>		<u>819,519</u>	<u>(68,013)</u>
<b>Total assets less current liabilities</b>		<u>72,786,824</u>	<u>61,094,424</u>
Creditors: amounts falling due after more than one year	21	(36,171,549)	(25,744,698)
<b>Provisions for liabilities</b>			
Deferred taxation	24	(2,706,948)	(1,686,171)
		<u>(2,706,948)</u>	<u>(1,686,171)</u>
<b>Net assets</b>		<u><u>33,908,327</u></u>	<u><u>33,663,555</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	200	200
Share premium account	26	7,941,623	19,576,142
Revaluation reserve	26	7,347,242	7,425,992
Capital redemption reserve	26	34	-
Profit and loss account	26	18,619,228	6,661,221
		<u><u>33,908,327</u></u>	<u><u>33,663,555</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: 18 September 2020

The notes on pages 15 to 44 form part of these financial statements.

**HARTFORD CARE GROUP LIMITED**  
**REGISTERED NUMBER: 09262881**

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	16	71,588	52,853
Investments	17	29,092,118	18,909,802
		<u>29,163,706</u>	<u>18,962,655</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	19	31,777,521	14,353,908
Debtors: amounts falling due within one year	19	387,107	296,007
Cash at bank and in hand		4,056,656	1,427,255
		<u>36,221,284</u>	<u>16,077,170</u>
Creditors: amounts falling due within one year	20	(3,210,931)	(373,067)
<b>Net current assets</b>		<u>33,010,353</u>	<u>15,704,103</u>
<b>Total assets less current liabilities</b>		<u>62,174,059</u>	<u>34,666,758</u>
Creditors: amounts falling due after more than one year	21	(50,584,655)	(17,120,000)
<b>Net assets</b>		<u><u>11,589,404</u></u>	<u><u>17,546,758</u></u>
<b>Capital and reserves</b>			
Called up share capital	25	200	200
Share premium account	26	7,941,623	19,576,142
Capital redemption reserve	26	34	-
Profit and loss account	26	3,647,547	(2,029,584)
		<u><u>11,589,404</u></u>	<u><u>17,546,758</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: 18 September 2020

The notes on pages 15 to 44 form part of these financial statements.

HARTFORD CARE GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total equity £
		19,576,142				
At 1 April 2019	200		-	7,425,992	6,661,221	33,663,555
<b>Comprehensive income for the year</b>						
		-				
Profit for the year	-	-	-	-	2,745,979	2,745,979
Transfer from revaluation reserve	-	-	-	-	78,750	78,750
Transfer to the profit and loss account	-	-	-	(78,750)	-	(78,750)
		-				
Purchase of own shares	-		34	-	(5,866,726)	(5,866,692)
		3,365,485				
Shares issued during the year	34		-	-	-	3,365,519
Shares cancelled during the year	(34)		-	-	-	(34)
		(15,000,000)				
Capital reduction	-	)	-	-	15,000,000	-
		(4)				
Other movement	-	)	-	-	4	-
		7,941,623				
<b>At 31 March 2020</b>	<b>200</b>	<b>7,941,623</b>	<b>34</b>	<b>7,347,242</b>	<b>18,619,228</b>	<b>33,908,327</b>

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
Profit for the year	-	-	-	2,856,454	2,856,454
<b>At 31 March 2019</b>	<b>200</b>	<b>19,576,142</b>	<b>7,425,992</b>	<b>6,661,221</b>	<b>33,663,555</b>

The notes on pages 15 to 44 form part of these financial statements.

**HARTFORD CARE GROUP LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Capital redemption reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£	£
At 1 April 2019	200	19,576,142	-	(2,029,584)	17,546,758
Loss for the year	-	-	-	(3,456,147)	(3,456,147)
Purchase of own shares	-	-	34	(5,866,726)	(5,866,692)
Shares issued during the year	34	3,365,485	-	-	3,365,519
Shares cancelled during the year	(34)	-	-	-	(34)
Capital reduction	-	(15,000,000)	-	15,000,000	-
Other movement	-	(4)	-	4	-
<b>At 31 March 2020</b>	<b>200</b>	<b>7,941,623</b>	<b>34</b>	<b>3,647,547</b>	<b>11,589,404</b>

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

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£
At 1 April 2018	200	19,576,142	(150,243)	19,426,099
Loss for the year	-	-	(1,879,341)	(1,879,341)
<b>At 31 March 2019</b>	<b>200</b>	<b>19,576,142</b>	<b>(2,029,584)</b>	<b>17,546,758</b>

The notes on pages 15 to 44 form part of these financial statements.

HARTFORD CARE GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,745,979	2,856,454
<b>Adjustments for:</b>		
Amortisation of intangible assets	95,172	83,709
Depreciation of tangible assets	746,211	702,429
Reversal of previously impaired fixed assets	(205,000)	-
Loss on disposal of tangible assets	-	(10,441)
Interest paid	933,967	982,092
Interest received	(334)	(969)
Taxation charge	967,174	715,146
Decrease in stocks	144,022	21,112
Decrease in debtors	37,876	77,218
(Increase) in amounts owed by joint ventures	(75,000)	(50,000)
(Decrease) in creditors	(285,491)	(357,988)
Net fair value losses/(gains) recognised in P&L	370,124	(124,593)
Share of operating (profit) in joint ventures	(462,421)	(472,365)
Corporation tax (paid)	(914,456)	(751,642)
Settlement of defined benefit pension scheme	-	800,000
<b>Net cash generated from operating activities</b>	<b>4,097,823</b>	<b>4,470,162</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(504,085)	(598,215)
Sale of tangible fixed assets	240	14,200
Sale of unlisted and other investments	299,177	131,273
Interest received	334	1
Dividends received	75,000	50,000
Acquisition of subsidiaries	(1,462,572)	-
<b>Net cash from investing activities</b>	<b>(1,591,906)</b>	<b>(402,741)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	15	-
New secured loans	38,100,000	-
Repayment of loans	(32,066,057)	(1,711,086)
Settlement of interest rate swaps	-	91,142
Interest paid	(702,598)	(878,803)
Purchase of own shares	(5,866,726)	-
<b>Net cash used in financing activities</b>	<b>(535,366)</b>	<b>(2,498,747)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,970,551</b>	<b>1,568,674</b>
Cash and cash equivalents at beginning of year	4,742,099	3,173,425

HARTFORD CARE GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
<b>Cash and cash equivalents at the end of year</b>	<b>6,712,650</b>	<b>4,742,099</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	6,712,650	4,742,099
	<b>6,712,650</b>	<b>4,742,099</b>

The notes on pages 15 to 44 form part of these financial statements.

## HARTFORD CARE GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 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.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 14 October 2014.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**2. Accounting policies (continued)**

**2.3 Revenue**

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.

**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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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 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 profit or loss.

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 depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

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

Revaluation gains and losses are recognised in 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 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 profit and loss account 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 dealt with in accordance with the goodwill policy.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

**2. Accounting policies (continued)**

**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.

**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 only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in 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 debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

**2. Accounting policies (continued)**

**2.12 Financial instruments (continued)**

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 and forward foreign exchange contracts, 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 profit or loss in finance costs or income as appropriate.

**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.

**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 profit or loss 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 profit or loss 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 profit or loss on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

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 profit or loss 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 profit or loss using the effective interest method.

2.20 Borrowing costs

All borrowing costs are recognised in profit or loss 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 profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

2.24 Hedge accounting

The Group uses variable to fixed interest rate swaps to manage its exposure to fair value risk on its external loans. These derivatives are measured at fair value at each balance sheet date.

To the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the year.

Gains and losses on the hedging instruments and the hedged items are recognised in profit or loss for the year. When a hedged item is an unrecognised firm commitment, the cumulative hedging gain or loss on the hedged item is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

# HARTFORD CARE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 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 may 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 29)

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

	2020 £	2019 £
Care home management charges	101,569	111,052
Government grants receivable	-	11,903
Other income	79,352	20,164
	<u>180,921</u>	<u>143,119</u>

# HARTFORD CARE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 6. Fair value movements

	2020 £	2019 £
Fair value movement on financial instruments	404,852	91,140
Fair value movement on financial instruments in joint venture	(34,728)	38,821
Other fair value movements	-	(5,368)
	<u>370,124</u>	<u>124,593</u>

### 7. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	746,211	702,429
Amortisation of intangible assets, including goodwill	95,172	83,709
Operating lease rentals	47,107	47,107
Defined contribution pension cost	242,427	156,031
Defined benefit pension cost	<u>109,000</u>	<u>109,000</u>

### 8. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>101,256</u>	<u>78,276</u>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Other services relating to taxation	24,996	19,374
All other services	<u>17,832</u>	<u>18,786</u>

# HARTFORD CARE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 9. Employees

Staff costs were as follows:

	Group 2020 £	Group 2019 £
Wages and salaries	11,552,713	11,221,778
Social security costs	870,787	802,859
Cost of defined contribution scheme	242,427	156,031
	<u>12,665,927</u>	<u>12,180,668</u>

During the year under review there was a defined benefit pension scheme cost of £109,000 (2019: £109,000), this scheme is closed and no current employees are enrolled in the scheme.

A provision of £800,000 (2019: £800,000) is held for the settlement of the defined benefit pension scheme.

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

	2020 No.	2019 No.
Directors	5	4
Operations	632	576
Administration and finance	16	16
	<u>653</u>	<u>596</u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

10. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	465,444	357,548
Company contributions to defined contribution pension schemes	10,000	10,000
	<u>475,444</u>	<u>367,548</u>

The highest paid director received remuneration of £401,277 (2019: £317,548).

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 (2019: £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 £1,168,846 (2019: £965,679).

11. Interest receivable

	2020 £	2019 £
Share of joint venture's interest receivable	241	968
Other interest receivable	93	1
	<u>334</u>	<u>969</u>

12. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	860,965	878,803
Share of joint venture's interest payable	73,002	103,289
	<u>933,967</u>	<u>982,092</u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

13. Taxation

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	738,638	664,996
Adjustments in respect of previous periods	(8,988)	(12,863)
Share in joint venture's current tax	-	82,564
<b>Total current tax</b>	<b>729,650</b>	<b>734,697</b>
<b>Deferred tax</b>		
Share in joint venture's deferred tax	-	7,350
Origination and reversal of timing differences	33,598	(27,541)
Adjustments in respect of prior periods	(9,065)	640
Change in deferred tax rate	212,991	-
<b>Total deferred tax</b>	<b>237,524</b>	<b>(19,551)</b>
<b>Taxation on profit on ordinary activities</b>	<b>967,174</b>	<b>715,146</b>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>3,713,153</u>	<u>3,571,600</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	705,499	678,604
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	130,404	(4,379)
Capital allowances for year in excess of depreciation	(31,772)	6,552
Adjustments to tax charge in respect of prior periods	(8,988)	(12,223)
Non-taxable income	(31,179)	(30,076)
Capital gains	(40,220)	(41,022)
Losses carried back	-	2,436
Share in joint venture's current tax	-	82,564
Share in joint venture's deferred tax	-	7,350
Other differences (including exempt income) leading to an increase/(decrease) in the tax charge	2,948	(75,023)
Deferred tax not recognised	50,127	102,890
Movement in average rate of deferred tax	190,355	(2,527)
<b>Total tax charge for the year</b>	<u>967,174</u>	<u>715,146</u>

Factors that may affect future tax charges

As at 31 March 2020 there are no factors affecting future tax rates or charges.

14. Exceptional items

	2020 £	2019 £
Defined benefit pension scheme one-off settlement payment	-	800,000
Legal and professional fees on share repurchase and refinancing	661,427	-
Legal and professional fees on group restructuring	146,599	-
	<u>808,026</u>	<u>800,000</u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

15. Intangible assets

Group

	Goodwill £
<b>Cost</b>	
At 1 April 2019	837,101
Additions	656,778
On acquisition of subsidiaries	83,749
	<hr/>
At 31 March 2020	1,577,628
	<hr/>
<b>Amortisation</b>	
At 1 April 2019	107,696
Charge for the year on owned assets	95,172
	<hr/>
At 31 March 2020	202,868
	<hr/>
<b>Net book value</b>	
At 31 March 2020	<u>1,374,760</u>
At 31 March 2019	<u>729,405</u>

## HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

## 16. Tangible fixed assets

## Group

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Plant and machinery £	Office equipment £	Total £
<b>Cost or valuation</b>						
At 1 April 2019	54,316,385	78,406	4,993,222	799,834	223,803	60,411,650
Additions	-	-	366,054	56,084	81,947	504,085
Acquisition of subsidiary	13,209,260	-	169,141	14,048	6,671	13,399,120
Disposals	-	-	(2,878)	-	(320)	(3,198)
Write back of previous impairment	205,000	-	-	-	-	205,000
At 31 March 2020	67,730,645	78,406	5,525,539	869,966	312,101	74,516,657
<b>Depreciation</b>						
At 1 April 2019	406,620	30,060	2,465,972	154,897	181,667	3,239,216
Charge for the year on owned assets	23,801	14,001	493,672	166,403	48,334	746,211
Disposals	-	-	(2,878)	-	(80)	(2,958)
At 31 March 2020	430,421	44,061	2,956,766	321,300	229,921	3,982,469
<b>Net book value</b>						
At 31 March 2020	67,300,224	34,345	2,568,773	548,666	82,180	70,534,188
At 31 March 2019	53,909,765	48,346	2,527,250	644,937	42,136	57,172,434

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

16. Tangible fixed assets (continued)

Company

	Motor vehicles	Office equipment	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 April 2019	61,616	47,334	108,950
Additions	-	44,316	44,316
	<hr/>	<hr/>	<hr/>
At 31 March 2020	61,616	91,650	153,266
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 April 2019	20,821	35,276	56,097
Charge for the year on owned assets	12,323	13,258	25,581
	<hr/>	<hr/>	<hr/>
At 31 March 2020	33,144	48,534	81,678
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 March 2020	<u>28,472</u>	<u>43,116</u>	<u>71,588</u>
<b>At 31 March 2019</b>	<u>40,795</u>	<u>12,058</u>	<u>52,853</u>

17. Fixed asset investments

Group

	Unlisted investments	Investment in joint ventures	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 April 2019	357,534	2,903,064	3,260,598
Additions	-	313,888	313,888
Disposals	(299,177)	(3,216,952)	(3,516,129)
	<hr/>	<hr/>	<hr/>
At 31 March 2020	<u>58,357</u>	<u>-</u>	<u>58,357</u>

**HARTFORD CARE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 April 2019	<b>18,909,802</b>
Additions	<b>10,182,316</b>
At 31 March 2020	<b><u>29,092,118</u></b>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
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 %
W H Estates Holdings Limited *	Holding company	Ordinary	100 %
W H Estates Limited *	Holding company	Ordinary	100 %
W H 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 %
H. W. Group Limited	Care home operator	Ordinary	100 %
Elderwood Care Limited *	Holding company	Ordinary	100 %

Crispin Homes Limited *	Care home operator	Ordinary	100
			%
Four Marks Limited	Holding company	Ordinary	100
			%
Belford Care Limited *	Care home operator	Ordinary	100
			%

\* denotes indirect shareholding in a subsidiary.

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

18. Stocks

	Group 2020 £	Group 2019 £
Leaseholds for sale	131,984	274,006
Stock of land	3,000	3,000
	<u>134,984</u>	<u>277,006</u>

19. Debtors

Debtors due in more than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Amounts owed by Group undertakings	-	-	31,777,521	14,353,908
	<u>-</u>	<u>-</u>	<u>31,777,521</u>	<u>14,353,908</u>

Debtors due in less than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	197,655	285,170	54,417	17,093
Other debtors	293	3,781	-	-
Called up share capital not paid	311,095	252,307	311,095	252,307
Prepayments and accrued income	295,994	271,056	20,052	23,080
Deferred taxation	-	-	1,543	3,527
	<u>805,037</u>	<u>812,314</u>	<u>387,107</u>	<u>296,007</u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

20. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	2,538,847	1,719,881	2,538,847	-
Trade creditors	511,156	410,429	83,327	52,444
Corporation tax	666,751	614,520	-	-
Other taxation and social security	233,285	157,128	47,779	47,648
Other creditors	379,555	1,212,454	87,456	11,796
Accruals and deferred income	2,503,558	1,785,020	453,522	261,179
	<u>6,833,152</u>	<u>5,899,432</u>	<u>3,210,931</u>	<u>373,067</u>

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans	35,760,382	25,651,294	35,760,382	-
Amounts owed to Group undertakings	-	-	14,413,106	17,120,000
Accruals and deferred income	-	93,404	-	-
Financial instruments	411,167	-	411,167	-
	<u>36,171,549</u>	<u>25,744,698</u>	<u>50,584,655</u>	<u>17,120,000</u>

**HARTFORD CARE GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**22. Loans**

On 24 January 2020 Hartford Care Group Limited entered into a new £45 million Facilities Agreement with National Westminster Bank Plc. This comprised an initial loan of £35 million and £10 million committed facility. £38.1 million of this facility was drawn at year end.

The bank loans are repayable over 5 years and currently bear interest at 2.25% over LIBOR. They are secured by fixed charges on property owned by the Group and a floating charge over other assets.

In January 2020, the company also entered into a 'swap' arrangement with its bank to protect it from future interest rate fluctuations. At 31 March 2020, the fair value of the 'swap' arrangement was a liability of £411,167.

	<b>Group 2020 £</b>	Group 2019 £	<b>Company 2020 £</b>	Company 2019 £
<b>Amounts falling due within one year</b>				
Bank loans	<b>2,538,847</b>	1,719,881	<b>2,538,847</b>	-
	<b>2,538,847</b>	1,719,881	<b>2,538,847</b>	-
<b>Amounts falling due 1-2 years</b>				
Bank loans	<b>1,894,653</b>	5,236,701	<b>1,894,653</b>	-
	<b>1,894,653</b>	5,236,701	<b>1,894,653</b>	-
<b>Amounts falling due 2-5 years</b>				
Bank loans	<b>33,865,729</b>	16,868,623	<b>33,865,729</b>	-
	<b>33,865,729</b>	16,868,623	<b>33,865,729</b>	-
<b>Amounts falling due after more than 5 years</b>				
Bank loans	-	3,545,970	-	-
	-	3,545,970	-	-
	<b>38,299,229</b>	27,371,175	<b>38,299,229</b>	-

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

23. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	6,771,007	5,099,633	4,056,656	1,427,255
Financial assets that are debt instruments measured at amortised cost	197,948	288,951	31,831,938	14,371,001
	<u>6,968,955</u>	<u>5,388,584</u>	<u>35,888,594</u>	<u>15,798,256</u>
<b>Financial liabilities</b>				
Derivative financial instruments measured at fair value through profit or loss	411,167	41,043	-	-
Financial liabilities measured at amortised cost	39,189,940	28,994,058	52,883,118	17,184,240
	<u>39,601,107</u>	<u>29,035,101</u>	<u>52,883,118</u>	<u>17,184,240</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 measured at fair value through profit or loss comprise the interest rate swap.

24. Deferred taxation

Group

	2020 £	2019 £
At beginning of year	(1,686,171)	(1,713,072)
(Charged)/credited to profit or loss	(237,524)	26,901
Arising on business combinations	(783,253)	-
<b>At end of year</b>	<u><b>(2,706,948)</b></u>	<u><b>(1,686,171)</b></u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

24. Deferred taxation (continued)

Company

	2020 £	2019 £
At beginning of year	3,527	-
(Charged)/credited to profit or loss	(1,984)	3,527
<b>At end of year</b>	<b>1,543</b>	<b>3,527</b>

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Short term timing differences	155,265	126,620	1,092	587
Tax losses carried forward	41,051	40,515	-	-
Accelerated capital allowances	(516,539)	(295,306)	451	2,940
Revaluation surplus/capital gains	(2,386,725)	(1,558,000)	-	-
	<b>(2,706,948)</b>	<b>(1,686,171)</b>	<b>1,543</b>	<b>3,527</b>

25. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
17,966,434 (2019 - 19,517,240) Ordinary shares of £0.000010 each	<b>180</b>	<b>195</b>
<b>Allotted, called up and partly paid</b>		
504,613 (2019 - 504,613) Ordinary shares of £0.000010 each	<b>5</b>	<b>5</b>
962,030 (2019 - nil) G1 shares of £0.000010 each	<b>10</b>	<b>-</b>
538,049 (2019 - nil) G2 shares of £0.000010 each	<b>5</b>	<b>-</b>
	<b>20</b>	<b>5</b>

On 4 September 2019 the company issued 962,030 G1 shares and 538,049 G2 shares. Both classes of shares had a nominal value of £0.00001 and an issue price of £0.03919 per share.

On 14 January 2020 the Company issued 1,869,660 ordinary shares with a nominal value of £0.00001 in exchange for 354,000 shares in HW Group Limited.

On 24 January 2020 the Company repurchased and subsequently cancelled 3,420,466 of its ordinary share capital.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

**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 and the surplus in revaluation of freehold properties within the subsidiaries.

**Capital redemption reserve**

This reserve represents the nominal value of shares repurchased by the company.

**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 2020

27. Business combinations

On 14 January 2020 the Group acquired the remaining 50% of the share capital of H. W. Group Limited.

On 24 February 2020 the Group acquired 100% of the share capital of Four Marks Limited.

Both acquisitions have been accounted for using the acquisition method.

Acquisition of all companies

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustment £	Fair value £
Tangible	10,934,928	2,464,192	13,399,120
Intangible	83,749	-	83,749
	<hr/>	<hr/>	<hr/>
	11,018,677	2,464,192	13,482,869
Stocks	2,000	-	2,000
Debtors	30,599	-	30,599
Cash at bank and in hand	2,020,894	-	2,020,894
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>13,072,170</b>	<b>2,464,192</b>	<b>15,536,362</b>
Creditors due within one year	(532,688)	-	(532,688)
Creditors due in more than one year	(4,694,883)	-	(4,694,883)
Deferred tax on differences between fair value and tax bases	(783,253)	-	(783,253)
	<hr/>	<hr/>	<hr/>
<b>Total identifiable net assets</b>	<b>7,061,346</b>	<b>2,464,192</b>	<b>9,525,538</b>
Goodwill			656,778
			<hr/>
<b>Total purchase consideration</b>			<b>10,182,316</b>
<b>Consideration by company</b>			
			£
H. W. Group Limited			6,613,429
Four Marks Limited			3,568,887
			<hr/>
<b>Total purchase consideration</b>			<b>10,182,316</b>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

Acquisition of H. W. Group Limited

	Book value £	Fair value £
Tangible	8,899,120	8,899,120
Intangible	83,749	83,749
	<u>8,982,869</u>	<u>8,982,869</u>
Debtors	14,665	14,665
Cash at bank and in hand	1,554,134	1,554,134
	<u>10,551,668</u>	<u>10,551,668</u>
<b>Total assets</b>		
Creditors due within one year	(310,883)	(310,883)
Creditors due in more than one year	(3,257,286)	(3,257,286)
Deferred tax	(653,400)	(653,400)
	<u>6,330,099</u>	<u>6,330,099</u>
<b>Total identifiable net assets</b>		

The results of H. W. Group Limited and its subsidiaries, Elderwood Care Limited and Crispin Homes Limited, since its acquisition are as follows:

	Current period since acquisition £
Turnover	816,412
Profit before tax since the acquisition	<u>354,075</u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

Acquisition of Four Marks Limited

	Book value £	Fair value adjustment £	Fair value £
Tangible	2,035,808	2,464,192	4,500,000
	<u>2,035,808</u>	<u>2,464,192</u>	<u>4,500,000</u>
Stocks	2,000	-	2,000
Debtors	15,934	-	15,934
Cash at bank and in hand	466,760	-	466,760
	<u>2,520,502</u>	<u>2,464,192</u>	<u>4,984,694</u>
<b>Total assets</b>	<b>2,520,502</b>	<b>2,464,192</b>	<b>4,984,694</b>
Creditors due within one year	(221,805)	-	(221,805)
Creditors due in more than one year	(1,437,597)	-	(1,437,597)
Deferred tax	(129,853)	-	(129,853)
	<u>731,247</u>	<u>2,464,192</u>	<u>3,195,439</u>
<b>Total identifiable net assets</b>	<b>731,247</b>	<b>2,464,192</b>	<b>3,195,439</b>

The results of Four Marks Limited and its subsidiary, Belford Care Limited, since its acquisition are as follows:

	Current period since acquisition £
Turnover	142,761
Profit before tax since the acquisition	<u>41,058</u>

# HARTFORD CARE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 28. 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 2017 and updated to 31 March 2020 by a qualified actuary, independent of the scheme's sponsoring employer, Whites Limited. The major assumptions used by the actuary are shown below.

The actuarial valuation as at 5 April 2017 showed a deficit of £679,000. The employer agreed with the trustees to eliminate the deficit by the payment of annual contributions of £109,000 for 6 years and 11 months from 6 April 2018. Of these £84,140 increasing at 3% per annum is being paid in respect of the deficit and the balance of the annual contribution is being used to meet expenses of running the plan, excluding the Pension Protection Fund levy which is being separately paid by the employer.

Reconciliation of present value of plan liabilities:

	2020 £	2019 £
At the beginning of the year	1,776,000	2,063,000
Expenses	27,000	27,000
Interest cost	40,000	47,000
Actuarial (gains)/losses	(53,000)	81,000
Benefits paid	(86,000)	(78,000)
Liabilities extinguished on settlements	-	(349,000)
(Gain)/loss due to benefit changes	-	(15,000)
<b>At the end of the year</b>	<b>1,704,000</b>	<b>1,776,000</b>

Reconciliation of present value of plan assets:

	2020 £	2019 £
At the beginning of the year	1,858,000	2,201,000
Interest income	43,000	53,000
Actuarial gains/(losses)	(54,000)	(28,000)
Contributions	109,000	332,000
Benefits paid	(86,000)	(78,000)
Assets distributed on settlements	-	(622,000)
<b>At the end of the year</b>	<b>1,870,000</b>	<b>1,858,000</b>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

28. Pension commitments (continued)

Composition of plan assets:

	2020 £	2019 £
Equities	431,000	464,000
Corporate bonds	839,000	859,000
Gilts	324,000	320,000
Cash / other	276,000	215,000
<b>Total plan assets</b>	<b>1,870,000</b>	<b>1,858,000</b>

	2020 £	2019 £
Fair value of plan assets	1,870,000	1,858,000
Present value of plan liabilities	(1,704,000)	(1,776,000)
Assets not recognised in the financial statements	(166,000)	(82,000)
<b>Net pension scheme liability</b>	<b>-</b>	<b>-</b>

The amounts recognised in profit or loss are as follows:

	2020 £	2019 £
Current service cost	109,000	109,000
<b>Total</b>	<b>109,000</b>	<b>109,000</b>

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £Nil (2019 - £Nil).

The Group expects to contribute £109,000 to its defined benefit pension scheme in 2021.

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

28. Pension commitments (continued)

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

	2020	2019
	%	%
Discount rate	2.4	2.3
Allowance for revaluation of deferred pensions	2.8	3.4
Inflation assumption	2.8	3.4
Mortality rates		
- for a male aged 65 now	21.8	22.0
- at 65 for a male aged 45 now	23.1	23.9
- for a female aged 65 now	23.7	23.4
- at 65 for a female member aged 45 now	25.2	25.4

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

Defined benefit pension schemes

	2020	2019	2018	2017	2016
	£	£	£	£	£
Defined benefit obligation	(1,704,000)	(1,776,000)	(2,063,000)	(2,030,000)	(2,591,000)
Scheme assets	1,870,000	1,858,000	2,201,000	2,159,000	3,138,000
	<u>166,000</u>	<u>82,000</u>	<u>138,000</u>	<u>129,000</u>	<u>547,000</u>
<b>Surplus</b>					

29. Commitments under operating leases

At 31 March 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020	Group 2019
	£	£
Not later than 1 year	23,554	47,107
Later than 1 year and not later than 5 years	-	23,554
	<u>23,554</u>	<u>70,661</u>

## HARTFORD CARE GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 30. 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 company purchased 3,420,466 of its own ordinary shares from David Steele for consideration of £5,866,726. There was no balance outstanding at the year end.

During the year, the company purchased the remaining 50% of the share capital of H. W. Group Limited from Latchford Holdings Limited. The consideration paid was 1,869,660 shares in Hartford Care Group Limited with a value of £3,306,715.

During the year, Leaders Quest, a company controlled by Lindsay Levin, recharged expenses of £3,644 (2019: £3,037) to the company. At the year end, the outstanding balance was £Nil (2019: £469).

#### 31. Controlling party

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

#### 32. 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 £3,456,147 (2019: loss of £1,879,340).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.