

HARTFORD CARE GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

HARTFORD CARE GROUP LIMITED

COMPANY INFORMATION

Directors

S F Gavin
I M Pearman
L C Levin
D S Levin
M Fisch

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
Group strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 8
Consolidated profit and loss account	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	13
Consolidated Statement of cash flows	14 - 15
Notes to the financial statements	16 - 43

HARTFORD CARE GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

BUSINESS REVIEW

The Group produced turnover of £28.5 million for the year to 31 March 2021 from its principal business of operating residential and nursing care homes for the elderly. This represents growth of 23% over the previous year and is due to a combination of acquisitions and organic growth. Overall the average occupancy rate was 85.7% (2020: 87.4%).

Operating profit (excluding fair value movements and exceptional items) increased by 36% to £7,225,921 which equates to 25.4% of turnover (2020: 22.9% of turnover).

On 2 November 2020, the Group acquired Ashley Grange Nursing Home, a 50 room nursing home based in Wiltshire. In addition, in early 2021 a restructuring was undertaken to simplify the Group with seven companies which were no longer required dissolved post year end (see note 17).

The cash position of the Group improved by £1.6 million to £8.3 million. All banking covenants were met throughout the year with debt servicing ratio improving to 3.6 (2020: 4.3).

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 recruitment and retention of suitably qualified care staff is fundamental to the ongoing successful running of any business in the care sector. As Covid lockdown restrictions are eased in other sectors, such as hospitality, the market for staff is becoming increasingly competitive. As part of the process of managing this risk, the Group has implemented a strategy to ensure that it exceeds the National Minimum Living Wage in a financially responsible way. Risk is also mitigated through the adoption of a proactive recruitment strategy, a comprehensive induction process, and high quality training and development programmes.

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.

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 in 2020.

HARTFORD CARE GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL KEY PERFORMANCE INDICATORS

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

	2021	2020	Change	
Turnover	£28,461,849	£23,205,692	22.7%	
Occupancy Rate		85.7%	87.4%	
Operating profit*	£7,225,921	£5,308,915	36.1%	
Operating profit % of turnover		25.4%	22.9%	
Net assets	£39,053,865	£33,908,327	15.0%	
Tangible fixed assets	£75,887,775	£70,534,188	7.6%	
Debt servicing ratio		3.6	4.3	

* 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: 2 September 2021

HARTFORD CARE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Results and dividends

The profit for the year, after taxation, amounted to £5,145,538 (2020 - £2,745,979).

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 S Levin
M Fisch

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.

Future developments

These matters have been discussed in the Strategic report.

HARTFORD CARE GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

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: 2 September 2021

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 2021, 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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 set out 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.

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

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 Group financial statements

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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 Auditors' 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 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, as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

3 September 2021

HARTFORD CARE GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Turnover	4	28,461,849	23,205,692
Cost of sales		(14,551,138)	(12,744,619)
Gross profit		13,910,711	10,461,073
Exceptional administrative expenses		-	(808,026)
Administrative expenses		(7,785,487)	(5,333,079)
Other operating income		1,100,697	180,921
Fair value movements		73,876	(370,124)
Operating profit	7	7,299,797	4,130,765
Share of profit of joint ventures		-	426,921
Total operating profit		7,299,797	4,557,686
Income from other fixed asset investments		-	89,100
Interest receivable and similar income	11	-	334
Interest payable and similar expenses	12	(1,101,263)	(933,967)
Profit before tax		6,198,534	3,713,153
Tax on profit	13	(1,052,996)	(967,174)
Profit for the financial year		5,145,538	2,745,979
Profit for the year attributable to:			
Owners of the parent		5,145,538	2,745,979
		5,145,538	2,745,979

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated profit and loss account.

The notes on pages 16 to 43 form part of these financial statements.

HARTFORD CARE GROUP LIMITED
REGISTERED NUMBER: 09262881

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	15	1,022,283	1,374,760
Tangible assets	16	75,887,775	70,534,188
Investments	17	51,270	58,357
		<hr/>	<hr/>
		76,961,328	71,967,305
Current assets			
Stocks	18	132,987	134,984
Debtors: amounts falling due within one year	19	887,689	805,037
Bank and cash balances		8,320,921	6,712,650
		<hr/>	<hr/>
		9,341,597	7,652,671
Creditors: amounts falling due within one year	20	(7,403,964)	(6,833,152)
		<hr/>	<hr/>
Net current assets		1,937,633	819,519
		<hr/>	<hr/>
Total assets less current liabilities		78,898,961	72,786,824
Creditors: amounts falling due after more than one year	21	(37,096,212)	(36,171,549)
Provisions for liabilities			
Deferred taxation	24	(2,748,884)	(2,706,948)
		<hr/>	<hr/>
		(2,748,884)	(2,706,948)
		<hr/>	<hr/>
Net assets		39,053,865	33,908,327
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	25	200	200
Share premium account	26	7,941,623	7,941,623
Revaluation reserve	26	7,347,242	7,347,242
Capital redemption reserve	26	34	34
Profit and loss account	26	23,764,766	18,619,228
		<hr/>	<hr/>
		39,053,865	33,908,327
		<hr/>	<hr/>

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

.....
S F Gavin

Director

Date: 2 September 2021

The notes on pages 16 to 43 form part of these financial statements.

HARTFORD CARE GROUP LIMITED
REGISTERED NUMBER: 09262881

COMPANY BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	16	86,253	71,588
Investments	17	48,920,095	29,092,118
		<u>49,006,348</u>	<u>29,163,706</u>
Current assets			
Debtors: amounts falling due after more than one year	19	30,598,890	31,777,521
Debtors: amounts falling due within one year	19	969,492	387,107
Bank and cash balances		6,826,061	4,056,656
		<u>38,394,443</u>	<u>36,221,284</u>
Creditors: amounts falling due within one year	20	(2,573,915)	(3,210,931)
Net current assets		<u>35,820,528</u>	<u>33,010,353</u>
Total assets less current liabilities		<u>84,826,876</u>	<u>62,174,059</u>
Creditors: amounts falling due after more than one year	21	(50,336,329)	(50,584,655)
Provisions for liabilities			
Deferred taxation	24	(6,074)	-
		<u>(6,074)</u>	<u>-</u>
Net assets		<u><u>34,484,473</u></u>	<u><u>11,589,404</u></u>
Capital and reserves			
Called up share capital	25	200	200
Share premium account	26	7,941,623	7,941,623
Capital redemption reserve	26	34	34
Profit and loss account	26	26,542,616	3,647,547
		<u><u>34,484,473</u></u>	<u><u>11,589,404</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: 2 September 2021

The notes on pages 16 to 43 form part of these financial statements.

HARTFORD CARE GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 April 2020	200	7,941,623	34	7,347,242	18,619,228	33,908,327
Profit for the year	-	-	-	-	5,145,538	5,145,538
At 31 March 2021	200	7,941,623	34	7,347,242	23,764,766	39,053,865

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 £
At 1 April 2019	200	19,576,142	-	7,425,992	6,661,221	33,663,555
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)
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	-
At 31 March 2020	200	7,941,623	34	7,347,242	18,619,228	33,908,327

The notes on pages 16 to 43 form part of these financial statements.

HARTFORD CARE GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2020	200	7,941,623	34	3,647,547	11,589,404
Profit for the year	-	-	-	22,895,069	22,895,069
At 31 March 2021	200	7,941,623	34	26,542,616	34,484,473

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

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
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	-
At 31 March 2020	200	7,941,623	34	3,647,547	11,589,404

The notes on pages 16 to 43 form part of these financial statements.

HARTFORD CARE GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	5,145,538	2,745,979
Adjustments for:		
Amortisation of intangible assets	159,798	95,172
Depreciation of tangible assets	774,561	746,211
Reversal of previously impaired fixed assets	120,916	(205,000)
Loss on disposal of tangible assets	1,064	-
Interest paid	1,101,263	933,967
Interest received	-	(334)
Taxation charge	1,052,996	967,174
Decrease in stocks	1,997	144,022
(Increase)/decrease in debtors	(209,001)	37,876
Decrease/(increase) in amounts owed by joint ventures	-	(75,000)
(Decrease) in creditors	(211,344)	(285,491)
Net fair value (gains)/losses recognised in P&L	(73,876)	370,124
Share of operating profit in joint ventures	-	(462,421)
Corporation tax (paid)	(1,181,323)	(914,456)
Net cash generated from operating activities	6,682,589	4,097,823
Cash flows from investing activities		
Purchase of tangible fixed assets	(597,235)	(504,085)
Sale of tangible fixed assets	-	240
Sale of unlisted and other investments	-	299,177
Interest received	-	334
Dividends received	-	75,000
Acquisition of subsidiaries	(2,762,605)	(1,462,572)
Net cash from investing activities	(3,359,840)	(1,591,906)
Cash flows from financing activities		
Issue of ordinary shares	-	15
New secured loans	3,120,000	38,100,000
Repayment of loans	(3,533,986)	(32,066,057)
Interest paid	(1,300,492)	(702,598)
Purchase of own shares	-	(5,866,726)
Net cash used in financing activities	(1,714,478)	(535,366)
Net increase in cash and cash equivalents	1,608,271	1,970,551
Cash and cash equivalents at beginning of year	6,712,650	4,742,099
Cash and cash equivalents at the end of year	8,320,921	6,712,650

HARTFORD CARE GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	8,320,921	6,712,650
	<u>8,320,921</u>	<u>6,712,650</u>

The notes on pages 16 to 43 form part of these financial statements.

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 2021

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 2021

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 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.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.9 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.

2.10 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.

2.11 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 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. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.18 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.19 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.20 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.

2.21 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.

2.22 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.23 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.

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.

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

5. Other operating income

	2021 £	2020 £
Care home management charges	-	101,569
Government grants receivable	1,100,697	-
Other income	-	79,352
	<u>1,100,697</u>	<u>180,921</u>

6. Fair value movements

	2021 £	2020 £
Fair value movement on financial instruments	(73,876)	404,852
Fair value movement on financial instruments in joint venture	-	(34,728)
	<u>(73,876)</u>	<u>370,124</u>

7. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	774,561	746,211
Amortisation of intangible assets, including goodwill	159,798	95,172
Operating lease rentals	15,702	47,107
Defined contribution pension cost	291,268	242,427
Defined benefit pension cost	<u>109,000</u>	<u>109,000</u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

8. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>96,000</u>	<u>101,256</u>
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	27,342	24,996
All other services	14,040	17,832
	<u>41,382</u>	<u>42,828</u>

9. Employees

Staff costs were as follows:

	Group 2021 £	Group 2020 £
Wages and salaries	13,821,859	11,552,713
Social security costs	1,052,185	870,787
Cost of defined contribution scheme	291,268	242,427
	<u>15,165,312</u>	<u>12,665,927</u>

During the year under review there was a defined benefit pension scheme cost of £109,000 (2020: £109,000), this scheme is closed and no current employees are enrolled in the scheme.

A provision of £800,000 (2020: £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:

	2021 No.	2020 No.
Directors	5	5
Operations	714	632
Administration and finance	16	16
	<u>735</u>	<u>653</u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	492,840	465,444
Company contributions to defined contribution pension schemes	4,000	10,000
	<u>496,840</u>	<u>475,444</u>

The highest paid director received remuneration of £410,430 (2020 - £401,277).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,000 (2020 - £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 £1,221,124 (2020: £1,168,846).

11. Interest receivable

	2021 £	2020 £
Share of joint ventures' interest receivable	-	241
Other interest receivable	-	93
	<u>-</u>	<u>334</u>

12. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	1,101,263	860,965
Share of joint ventures	-	73,002
	<u>1,101,263</u>	<u>933,967</u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

13. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	1,167,794	738,638
Adjustments in respect of previous periods	(91,920)	(8,988)
	<u>1,075,874</u>	<u>729,650</u>
Total current tax	<u>1,075,874</u>	<u>729,650</u>
Deferred tax		
Origination and reversal of timing differences	(22,686)	33,598
Adjustments in respect of prior periods	(192)	(9,065)
Change in deferred tax rate	-	212,991
	<u>(22,878)</u>	<u>237,524</u>
Total deferred tax	<u>(22,878)</u>	<u>237,524</u>
Taxation on profit on ordinary activities	<u>1,052,996</u>	<u>967,174</u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>6,198,534</u>	<u>3,713,153</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,177,721	705,499
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	130,404
Capital allowances for year lower than/(in excess of) depreciation	13,271	(31,772)
Adjustments to tax charge in respect of prior periods	(92,112)	(8,988)
Non-taxable income	-	(31,179)
Capital gains	(55,435)	(40,220)
Other differences (including exempt income) leading to an increase/(decrease) in the tax charge	(8,885)	2,948
Deferred tax not recognised	18,436	50,127
Movement in average rate of deferred tax	-	190,355
Total tax charge for the year	<u><u>1,052,996</u></u>	<u><u>967,174</u></u>

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the main corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would not be expected to be material.

14. Exceptional items

	2021 £	2020 £
Legal and professional fees on share repurchase and refinancing	-	661,427
Legal and professional fees on group restructuring	-	146,599
	<u>-</u>	<u>808,026</u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

15. Intangible assets

Group

	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 April 2020	1,577,628	-	1,577,628
Additions	-	(192,679)	(192,679)
At 31 March 2021	1,577,628	(192,679)	1,384,949
Amortisation			
At 1 April 2020	202,868	-	202,868
Charge for the year on owned assets	164,615	(4,817)	159,798
At 31 March 2021	367,483	(4,817)	362,666
Net book value			
At 31 March 2021	1,210,145	(187,862)	1,022,283
At 31 March 2020	1,374,760	-	1,374,760

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

16. Tangible fixed assets

Group

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Plant and machinery £	Office equipment £	Total £
Cost or valuation						
At 1 April 2020	67,730,645	78,406	5,525,539	869,966	312,101	74,516,657
Additions	-	-	471,088	-	126,147	597,235
Acquisition of subsidiary	5,500,000	-	28,654	-	2,263	5,530,917
Disposals	-	-	(909,063)	(2,794)	(135,296)	(1,047,153)
At 31 March 2021	73,230,645	78,406	5,116,218	867,172	305,215	79,597,656
Depreciation						
At 1 April 2020	430,421	44,061	2,956,766	321,300	229,921	3,982,469
Charge for the year	23,799	14,941	503,071	170,217	62,533	774,561
Disposals	-	-	(909,059)	(2,794)	(135,296)	(1,047,149)
At 31 March 2021	454,220	59,002	2,550,778	488,723	157,158	3,709,881
Net book value						
At 31 March 2021	<u>72,776,425</u>	<u>19,404</u>	<u>2,565,440</u>	<u>378,449</u>	<u>148,057</u>	<u>75,887,775</u>
At 31 March 2020	<u>67,300,224</u>	<u>34,345</u>	<u>2,568,773</u>	<u>548,666</u>	<u>82,180</u>	<u>70,534,188</u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

16. Tangible fixed assets (continued)

Company

	Motor vehicles	Office equipment	Total
	£	£	£
Cost or valuation			
At 1 April 2020	61,616	91,650	153,266
Additions	-	49,453	49,453
Disposals	-	(37,889)	(37,889)
At 31 March 2021	61,616	103,214	164,830
Depreciation			
At 1 April 2020	33,144	48,534	81,678
Charge for the year on owned assets	13,263	21,525	34,788
Disposals	-	(37,889)	(37,889)
At 31 March 2021	46,407	32,170	78,577
Net book value			
At 31 March 2021	15,209	71,044	86,253
At 31 March 2020	28,472	43,116	71,588

17. Fixed asset investments

Group

	Unlisted investments
	£
Cost or valuation	
At 1 April 2020	58,357
Disposals	(7,087)
At 31 March 2021	51,270

HARTFORD CARE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2020	29,092,118
Additions	19,827,977
At 31 March 2021	<u>48,920,095</u>

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 %
W H Estates Holdings Limited * ¹	Holding company	Ordinary	100 %
W H Estates Limited *	Holding company	Ordinary	100 %
W H Estates South East Limited * ¹	Property investment	Ordinary	100 %
Hartford Care (6) Limited ¹	Holding company	Ordinary	100 %
Burnham Lodge Holdings Limited * ¹	Property investment	Ordinary	100 %
Burnham Lodge Limited	Care home operator	Ordinary	100 %
Hartford Care (7) Limited ¹	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 * ¹	Holding company	Ordinary	100 %

Crispin Homes Limited *	Care home operator	Ordinary	100
		%	
Four Marks Limited ¹	Holding company	Ordinary	100
		%	
Belford Care Limited	Care home operator	Ordinary	100
		%	
Ashley Grange Nursing Home Limited	Care home operator	Ordinary	100
		%	

* denotes indirect shareholding in a subsidiary.

¹ Post year end these companies were dissolved following a restructuring of the group within the year, with assets being transferred to other group companies.

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

18. Stocks

	Group 2021 £	Group 2020 £
Raw materials and consumables	132,987	131,984
Work in progress (goods to be sold)	-	3,000
	<u>132,987</u>	<u>134,984</u>

19. Debtors

Debtors due in more than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts owed by group undertakings	<u>-</u>	<u>-</u>	<u>30,598,890</u>	<u>31,777,521</u>

Debtors due in less than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	237,423	197,655	84,709	54,417
Other debtors	-	293	-	-
Called up share capital not paid	311,095	311,095	311,095	311,095
Prepayments and accrued income	339,171	295,994	29,688	20,052
Corporation tax paid in advance	-	-	544,000	-
Deferred taxation	-	-	-	1,543
	<u>887,689</u>	<u>805,037</u>	<u>969,492</u>	<u>387,107</u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

20. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	2,043,949	2,538,847	2,043,949	2,538,847
Trade creditors	639,310	511,156	94,181	83,327
Corporation tax	594,026	666,751	-	-
Other taxation and social security	239,833	233,285	54,327	47,779
Other creditors	193,440	379,555	20,983	87,456
Accruals and deferred income	3,693,406	2,503,558	360,475	453,522
	<u>7,403,964</u>	<u>6,833,152</u>	<u>2,573,915</u>	<u>3,210,931</u>

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	36,758,921	35,760,382	36,758,921	35,760,382
Amounts owed to group undertakings	-	-	13,240,117	14,413,106
Financial instruments	337,291	411,167	337,291	411,167
	<u>37,096,212</u>	<u>36,171,549</u>	<u>50,336,329</u>	<u>50,584,655</u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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. £41.2 million of this facility was drawn at year end.

The bank loans are repayable over 5 years and currently bear interest at 2.05% 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 2021, the fair value of the 'swap' arrangement was a liability of £337,291.

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts falling due within one year				
Bank loans	2,043,949	2,538,847	2,043,949	2,538,847
	2,043,949	2,538,847	2,043,949	2,538,847
Amounts falling due 1-2 years				
Bank loans	2,029,526	1,894,653	2,029,526	1,894,653
	2,029,526	1,894,653	2,029,526	1,894,653
Amounts falling due 2-5 years				
Bank loans	34,729,395	33,865,729	34,729,395	33,865,729
	34,729,395	33,865,729	34,729,395	33,865,729
	38,802,870	38,299,229	38,802,870	38,299,229

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

23. Financial instruments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Financial assets				
Financial assets measured at fair value through profit or loss	8,372,191	6,771,007	6,826,061	4,056,656
Financial assets that are debt instruments measured at amortised cost	237,423	197,948	30,683,599	31,831,938
	<u>8,609,614</u>	<u>6,968,955</u>	<u>37,509,660</u>	<u>35,888,594</u>
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss	337,291	411,167	337,291	411,167
Financial liabilities measured at amortised cost	39,635,127	39,189,940	52,158,151	52,883,118
	<u>39,972,418</u>	<u>39,601,107</u>	<u>52,495,442</u>	<u>53,294,285</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

	2021 £	2020 £
At beginning of year	(2,706,948)	(1,686,171)
(Charged)/credited to profit or loss	22,878	(237,524)
Arising on business combinations	(64,814)	(783,253)
At end of year	<u>(2,748,884)</u>	<u>(2,706,948)</u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

24. Deferred taxation (continued)

Company

			2021 £	2020 £
At beginning of year			1,543	3,527
(Charged)/credited to profit or loss			(7,617)	(1,984)
At end of year			(6,074)	1,543
	Group	Group	Company	Company
	2021	2020	2021	2020
	£	£	£	£
Short term timing differences	163,212	155,265	641	1,092
Tax losses carried forward	41,051	41,051	-	-
Accelerated capital allowances	-	(516,539)	-	451
Fixed asset timing differences	(593,183)	-	(6,715)	-
Revaluation surplus/capital gains	(2,359,964)	(2,386,725)	-	-
	(2,748,884)	(2,706,948)	(6,074)	1,543

25. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
17,966,434 (2020 - 17,966,434) Ordinary shares of £0.000010 each	180	180
Allotted, called up and partly paid		
504,613 (2020 - 504,613) Ordinary shares of £0.000010 each	5	5
962,030 (2020 - 962,030) G1 shares of £0.000010 each	10	10
538,049 (2020 - 538,049) G2 shares of £0.000010 each	5	5
	20	20

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 2021

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 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 2021

27. Business combinations

On 2 November 2020 the Group acquired the trade and assets of Ashley Grange Nursing Home Limited for consideration of £3,455,000

Acquisition of Ashley Grange Nursing Home Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustments £	Fair value £
Fixed Assets			
Tangible	7,280,917	(1,750,000)	5,530,917
	<u>7,280,917</u>	<u>(1,750,000)</u>	<u>5,530,917</u>
Current Assets			
Debtors	34,530	-	34,530
Cash at bank and in hand	692,395	-	692,395
	<u>8,007,842</u>	<u>(1,750,000)</u>	<u>6,257,842</u>
Total Assets			
Creditors			
Due within one year	(559,619)	-	(559,619)
Due after more than one year	(1,985,730)	-	(1,985,730)
Deferred taxation	(64,814)	-	(64,814)
	<u>5,397,679</u>	<u>(1,750,000)</u>	<u>3,647,679</u>
Total identifiable net assets			
Goodwill			(192,679)
			<u>3,455,000</u>
Total purchase consideration			
Consideration			
			£
Cash			<u>3,455,000</u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

27. Business combinations (continued)

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	3,455,000
Directly attributable costs	73,424
	<hr/>
	3,528,424
Less: Cash and cash equivalents acquired	(692,395)
	<hr/>
Net cash outflow on acquisition	<u><u>2,836,029</u></u>

The goodwill arising on acquisition is attributable to Ashley Grange Nursing Home Limited.

The results of Ashley Grange Nursing Home Limited since acquisition are as follows:

	Current period since acquisition £
Turnover	<u><u>1,049,654</u></u>
Profit before tax for the period since acquisition	<u><u>133,222</u></u>

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 2020 and updated to 31 March 2021 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 2020 showed a deficit of £443,000. The employer agreed with the trustees to eliminate the deficit by the payment of annual contributions of £109,000 until 5 January 2025. Of these £91,924 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. The first 3% increase is due 6 April 2022.

Reconciliation of present value of plan liabilities:

	2021 £	2020 £
Reconciliation of present value of plan liabilities		
At the beginning of the year	1,704,000	1,776,000
Expenses	27,000	27,000
Interest cost	40,000	40,000
Actuarial (gains)/losses	113,000	(53,000)
Benefits paid	(79,000)	(86,000)
At the end of the year	1,805,000	1,704,000

Reconciliation of present value of plan assets:

	2021 £	2020 £
At the beginning of the year	1,870,000	1,858,000
Interest income	45,000	43,000
Actuarial gains/(losses)	44,000	(54,000)
Contributions	109,000	109,000
Benefits paid	(79,000)	(86,000)
At the end of the year	1,989,000	1,870,000

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

28. Pension commitments (continued)

Composition of plan assets:

	2021 £	2020 £
Equities	449,000	431,000
Corporate bonds	903,000	839,000
Gilts	310,000	324,000
Cash / other	327,000	276,000
Total plan assets	1,989,000	1,870,000

	2021 £	2020 £
Fair value of plan assets	1,989,000	1,870,000
Present value of plan liabilities	(1,805,000)	(1,704,000)
Assets not recognised in the financial statements	(184,000)	(166,000)
Net pension scheme liability	-	-

The amounts recognised in profit or loss are as follows:

	2021 £	2020 £
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 (2020 - £NIL).

The Group expects to contribute £109,000 to its defined benefit pension scheme in 2022.

HARTFORD CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

28. Pension commitments (continued)

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

	2021	2020
	%	%
Discount rate	2.0	2.4
Allowance for revaluation of deferred pensions	3.5	2.8
Inflation assumption	3.5	2.8
Mortality rates		
- for a male aged 65 now	22.1	21.8
- at 65 for a male aged 45 now	23.4	23.1
- for a female aged 65 now	23.8	23.7
- at 65 for a female member aged 45 now	25.4	25.2

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

Defined benefit pension schemes

	2021	2020	2019	2018	2017
	£	£	£	£	£
Defined benefit obligation	(1,805,000)	(1,704,000)	(1,776,000)	(2,063,000)	(2,030,000)
Scheme assets	1,989,000	1,870,000	1,858,000	2,201,000	2,159,000
	<u>184,000</u>	<u>166,000</u>	<u>82,000</u>	<u>138,000</u>	<u>129,000</u>
Surplus					

29. Commitments under operating leases

At 31 March 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021	Group 2020
	£	£
Not later than 1 year	17,567	23,554
Later than 1 year and not later than 5 years	38,836	-
Later than 5 years	12,136	-
	<u>68,539</u>	<u>23,554</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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, Leaders Quest, a company controlled by Lindsay Levin, recharged expenses of £NIL (2020: £3,644) to the Company.

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 profit after tax of the parent Company for the year was £22,895,069 (2020: loss after tax of £3,456,147).

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.