

COMPANY REGISTRATION NUMBER 4933894

**HALLMARK HEALTHCARE GROUP LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2008**

MONDAY



\*ABVON53B\*

A31

24/11/2008

103

COMPANIES HOUSE

**GRAVESTOCK & OWEN LIMITED**

Chartered Accountants & Registered Auditors

33 Market Place

Willenhall

West Midlands

WV13 2AA

# **HALLMARK HEALTHCARE GROUP LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2008**

<b>CONTENTS</b>	<b>PAGE</b>
Officers and professional advisers	1
The directors' report	2 – 3
Independent auditor's report to the shareholder	4 – 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 – 14

**The following pages do not form part of the statutory financial statements**

Detailed profit and loss account	15
Notes to the detailed profit and loss account	16

**HALLMARK HEALTHCARE GROUP LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**The board of directors**

Mr R Goyal  
Mr A Goyal

**Company secretary**

Mr R Goyal

**Registered office**

2 Kingfisher House  
Woodbrook Crescent  
Radford Way  
Billerica  
Essex  
CM12 0EQ

**Auditor**

Gravestock & Owen Limited  
Chartered Accountants  
& Registered Auditors  
33 Market Place  
Willenhall  
West Midlands  
WV13 2AA

## **HALLMARK HEALTHCARE GROUP LIMITED**

### **THE DIRECTORS' REPORT**

#### **YEAR ENDED 31 MARCH 2008**

The directors present their report and the financial statements of the company for the year ended 31 March 2008

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was that of an intermediate holding company

The directors are pleased to report a satisfactory trading year. Following a reorganisation of the group's trade, the group management activities previously carried out by the company are now carried out by a fellow subsidiary, Hallmark Healthcare Holdings Limited. As a consequence, the company's turnover has reduced to £35,000 and operating profit is £34,915. During the year, the company obtained a new bank loan amounting to £27,178,791 to fund the group's activities, the proceeds of which have been used to settle various bank loans of its subsidiary undertakings.

Each of the group's residential care homes receives regular inspections from either the Commission for Social Care Inspection (in England) or Care and Social Services Inspectorate Wales and during the year and all such inspections provided favourable results. The group continues to work with the relevant authorities to maintain and improve the standard of care provided.

The directors are confident about the continuing financial performance of the subsidiaries' business and continue to seek opportunities to develop the businesses further.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £24,440. The directors have not recommended a dividend.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The residential care home market remains competitive and highly regulated. The group receives regular inspections from the relevant authorities to ensure that standards are maintained. The group is dependent upon the professionalism and efficiency of its employees in satisfying both its customers' needs and health and safety issues. Staff training is undertaken to develop staff and mitigate operational risk associated with providing care to vulnerable people. In addition, systems are in place to ensure effective monitoring of care standards, compliance is regularly monitored by the directors. The principal financial risk to the business is long term debt being reclassified as current. The group's bank loans are subject to financial covenants and the directors continue to monitor these to ensure that they are complied with. The group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring payments against contractual agreements. The group monitors cash flow as part of its day to day control procedures. The board considers cash flow projections on a regular basis and ensures that appropriate facilities are available to be drawn upon as necessary.

#### **DIRECTORS**

The directors who served the company during the year were as follows:

Mr R Goyal  
Mr A Goyal  
Mr V B Goyal

Mr VB Goyal retired as a director on 2 May 2008

**HALLMARK HEALTHCARE GROUP LIMITED**

**THE DIRECTORS' REPORT (CONTINUED)**

**YEAR ENDED 31 MARCH 2008**

**DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware

there is no relevant audit information of which the company's auditor is unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**AUDITOR**

A resolution to re-appoint Gravestock & Owen Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office  
2 Kingfisher House  
Woodbrook Crescent  
Radford Way  
Billerica  
Essex  
CM12 0EQ

Signed by order of the directors

  
MR R GOYAL  
Company Secretary

Approved by the directors on 7 November 2008

**HALLMARK HEALTHCARE GROUP LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF**  
**HALLMARK HEALTHCARE GROUP LIMITED**  
**YEAR ENDED 31 MARCH 2008**

We have audited the financial statements of Hallmark Healthcare Group Limited for the year ended 31 March 2008, which have been prepared on the basis of the accounting policies set out on page 8

This report is made solely to the company's shareholder, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**HALLMARK HEALTHCARE GROUP LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF**  
**HALLMARK HEALTHCARE GROUP LIMITED (CONTINUED)**  
**YEAR ENDED 31 MARCH 2008**

**OPINION**

In our opinion

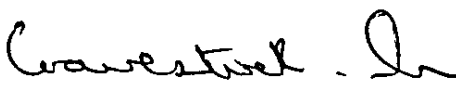
the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements

33 Market Place  
Willenhall  
West Midlands  
WV13 2AA

10 November 2008

  
**GRAVESTOCK & OWEN LIMITED**  
**CHARTERED ACCOUNTANTS**  
**& REGISTERED AUDITORS**

**HALLMARK HEALTHCARE GROUP LIMITED****PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2008**

	<u>Note</u>	<u>2008</u> £	<u>2007</u> £
<b>TURNOVER</b>	<b>2</b>	<b>35,000</b>	729,000
Administrative expenses		85	802,808
Interest receivable	5	613,428	—
Interest payable and similar charges	6	( 613,428)	—
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>34,915</b>	( 73,808)
Tax on profit/(loss) on ordinary activities	7	10,475	—
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>24,440</b>	( 73,808)

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the  
year as set out above

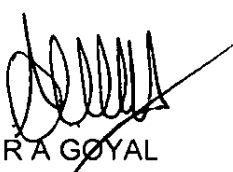
The notes on pages 8 to 14 form part of these financial statements.



**HALLMARK HEALTHCARE GROUP LIMITED****BALANCE SHEET****31 MARCH 2008**

	<u>Note</u>	£ <u>2008</u>	£ <u>2007</u>
<b>FIXED ASSETS</b>			
Investments	8	5,444,479	660,019
<b>CURRENT ASSETS</b>			
Debtors	9	35,181,136	2,764,632
<b>CREDITORS: Amounts falling due within one year</b>	10	<u>12,827,671</u>	<u>2,829,938</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>22,353,465</u>	<u>( 65,306)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>27,797,944</u>	<u>594,713</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	11	27,178,791	—
		<u>619,153</u>	<u>594,713</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	14	661,011	661,011
Profit and loss account	15	( 41,858)	( 66,298)
<b>SHAREHOLDER'S FUNDS</b>	16	<u>619,153</u>	<u>594,713</u>

These financial statements were approved by the directors and authorised for issue on 7 November 2008, and are signed on their behalf by

  
MR A GOYAL

The notes on pages 8 to 14 form part of these financial statements.

# **HALLMARK HEALTHCARE GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **YEAR ENDED 31 MARCH 2008**

#### **1. ACCOUNTING POLICIES**

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

##### **Consolidation**

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts

##### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

##### **Related parties transactions**

The company is a wholly owned subsidiary of Hallmark Healthcare Group Holdings Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Hallmark Healthcare Group Holdings Limited group of companies

##### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year

##### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

#### **2. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	<b><u>2008</u></b>	<b><u>2007</u></b>
	<b>£</b>	<b>£</b>
United Kingdom	<b><u>35,000</u></b>	<b><u>729,000</u></b>

**HALLMARK HEALTHCARE GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 MARCH 2008**

**3. OPERATING PROFIT/(LOSS)**

Operating profit/(loss) is stated after charging

	<u>2008</u> £	<u>2007</u> £
Directors' emoluments	—	—
Auditor's remuneration	—	2,244
	<u>2008</u> £	<u>2007</u> £
Auditor's remuneration - audit of the financial statements	—	2,244

**4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to

	<u>2008</u> No	<u>2007</u> No
Number of administrative staff	—	24

The aggregate payroll costs of the above were

	<u>2008</u> £	<u>2007</u> £
Wages and salaries	—	721,213
Social security costs	—	74,161
	<u>—</u>	<u>795,374</u>

**5. INTEREST RECEIVABLE**

	<u>2008</u> £	<u>2007</u> £
Interest from group undertakings	<u>613,428</u>	—

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<u>2008</u> £	<u>2007</u> £
Bank loan interest	<u>613,428</u>	—

**HALLMARK HEALTHCARE GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 MARCH 2008**

**7. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	<u>2008</u> £	<u>2007</u> £
Current tax		
Corporation tax	-	-
Group relief	10,475	-
Total current tax	<u>10,475</u>	<u>-</u>

**(b) Factors affecting current tax charge**

The tax assessed on the profit/(loss) on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 30% (2007 - 30%)

	<u>2008</u> £	<u>2007</u> £
Profit/(loss) on ordinary activities before taxation	<u>34,915</u>	<u>( 73,808)</u>
Profit/(loss) on ordinary activities by rate of tax	10,475	( 22,142)
Expenses not deductible for tax purposes	-	1,762
Utilisation of tax losses	-	20,380
Total current tax (note 7(a))	<u>10,475</u>	<u>-</u>

**8. INVESTMENTS**

**Investments in group companies**

	£
<b>COST</b>	
At 1 April 2007	660,019
Additions	4,784,460
At 31 March 2008	<u>5,444,479</u>
<b>NET BOOK VALUE</b>	
At 31 March 2008	<u>5,444,479</u>
At 31 March 2007	<u>660,019</u>

**HALLMARK HEALTHCARE GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 MARCH 2008**

**8. INVESTMENTS (CONTINUED)**

During the year, the company acquired the whole of the issued share capital of Hallmark Healthcare (Rochdale) Limited (formerly Bendan Care Limited) and Hallmark Healthcare (Wimbledon) Limited (formerly Silver Stream Healthcare (UK) Limited). The company also formed a company named Hallmark Healthcare Developments Limited during the year.

The company owns 100% of the following subsidiary companies: Hallmark Healthcare (Walsall) Limited, Hallmark Healthcare (Maesteg) Limited, Hallmark Healthcare (Swindon) Limited, Hallmark Healthcare (Ammanford) Limited, Hallmark Healthcare (Gresford) Limited, Hallmark Healthcare (Swansea) Limited, Hallmark Healthcare (Sutton in Ashfield) Limited, Hallmark Healthcare (Tuxford) Limited, Hallmark Healthcare (Holmewood) Limited, Hallmark Healthcare (Kirkby in Ashfield) Limited, Hallmark Healthcare (Bute Town) Limited, Hallmark Healthcare (Rochdale) Limited, Hallmark Healthcare (Wimbledon) Limited and Hallmark Healthcare Developments Limited.

The company also owns 82.93% of the issued share capital of Hallmark Healthcare (Caldicot) Limited and 88.23% of the issued share capital of Hallmark Healthcare (Warrington) Limited.

With the exception of Hallmark Healthcare Developments Limited, each company is a residential care home operator. Hallmark Healthcare Developments Limited has purchased a development site with a view to development and disposal.

In the opinion of the directors, the aggregate value of the company's investment in subsidiary companies is not less than the amount included in the company's balance sheet.

**9. DEBTORS**

	<u>2008</u> £	<u>2007</u> £
Amounts owed by group undertakings	35,179,945	2,760,000
Other debtors	191	3,632
Called up share capital not paid	1,000	1,000
	<u>35,181,136</u>	<u>2,764,632</u>

The debtors above include the following amounts falling due after more than one year:

	<u>2008</u> £	<u>2007</u> £
Amounts owed by group undertakings	<u>27,178,791</u>	<u>—</u>

**HALLMARK HEALTHCARE GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 MARCH 2008**

**10. CREDITORS: Amounts falling due within one year**

	<u>2008</u> £	<u>2007</u> £
Bank loans and overdrafts	5,760,719	44,297
Amounts owed to group undertakings	7,066,941	2,760,000
Corporation tax	–	2,034
PAYE and social security	–	23,196
Other creditors	11	411
	<u>12,827,671</u>	<u>2,829,938</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	<u>2008</u> £	<u>2007</u> £
Bank loans and overdrafts	<u>5,760,719</u>	<u>44,297</u>

The bank loans are secured by a fixed and floating charge over the company's assets, together with a fixed and floating charge over the assets of a number of the company's subsidiary undertakings

**11. CREDITORS: Amounts falling due after more than one year**

	<u>2008</u> £	<u>2007</u> £
Bank loans and overdrafts	<u>27,178,791</u>	<u>–</u>

The bank loans are secured by a fixed and floating charge over the company's assets, together with a fixed and floating charge over the assets of a number of the company's subsidiary undertakings

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	<u>2008</u> £	<u>2007</u> £
Bank loans and overdrafts	<u>27,178,791</u>	<u>–</u>

The bank loan is secured by a fixed and floating charge over the company's assets, together with a fixed and floating charge over the assets of a number of the company's subsidiary undertakings

**HALLMARK HEALTHCARE GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 MARCH 2008**

**11. CREDITORS. Amounts falling due after more than one year (continued)**

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date

	<u>2008</u> £	<u>2007</u> £
Bank loans and overdrafts	<u>23,718,085</u>	<u>—</u>

The bank loans bears interest at 1% per annum over bank base rate. During the period to December 2009, there are no capital repayments and thereafter the loan is repayable at a rate of £221,815 per month, inclusive of interest

**12. CREDITORS - CAPITAL INSTRUMENTS**

Creditors include finance capital which is due for repayment as follows

	<u>2008</u> £	<u>2007</u> £
Amounts repayable		
In one year or less or on demand	5,760,719	44,297
In more than one year but not more than two years	242,032	—
In more than two years but not more than five years	3,218,674	—
In more than five years	<u>23,718,085</u>	<u>—</u>
	<u>32,939,510</u>	<u>44,297</u>

**13. DERIVATIVES**

The company holds financial instruments to finance its subsidiary undertakings' operations and manages risk arising from these operations and its sources of finance in accordance with its accounting policies. Operational and working capital requirements of the company's subsidiary undertakings are funded principally out of bank loans, issued share capital and retained profits.

**HALLMARK HEALTHCARE GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 MARCH 2008**

**14. SHARE CAPITAL****Authorised share capital:**

	<u>2008</u> £	<u>2007</u> £
700,000 Ordinary shares of £1 each	<u>700,000</u>	<u>700,000</u>

**Allotted and called up:**

	<u>2008</u> No	£	<u>2007</u> No	£
Ordinary shares of £1 each	<u>661,011</u>	<u>661,011</u>	<u>661,011</u>	<u>661,011</u>

The amounts of paid up share capital for the following categories of shares differed from the called up share capital stated above due to unpaid calls and were as follows

	<u>2008</u> £	<u>2007</u> £
Ordinary shares	<u>1,000</u>	<u>1,000</u>

**15. PROFIT AND LOSS ACCOUNT**

	<u>2008</u> £	<u>2007</u> £
Balance brought forward	( 66,298)	7,510
Profit/(loss) for the financial year	<u>24,440</u>	( 73,808)
Balance carried forward	<u>( 41,858)</u>	<u>( 66,298)</u>

**16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	<u>2008</u> £	<u>2007</u> £
Profit/(Loss) for the financial year	<u>24,440</u>	( 73,808)
Opening shareholder's funds	<u>594,713</u>	<u>668,521</u>
Closing shareholder's funds	<u>619,153</u>	<u>594,713</u>

**17. ULTIMATE PARENT COMPANY**

The company's ultimate parent undertaking is Hallmark Healthcare Group Holdings Limited, a company registered in England and Wales

The largest and smallest group in which the results of the company are consolidated is that headed by Hallmark Healthcare Group Holdings Limited. Copies of the group accounts are available from its registered office at 2 Kingfisher House, Woodbrook Crescent, Radford Way, Billericay, Essex, CM12 0EQ



**HALLMARK HEALTHCARE GROUP LIMITED****DETAILED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2008**

	<u>2008</u>	<u>2007</u>
	<u>£</u>	<u>£</u>
<b>TURNOVER</b>	<b>35,000</b>	<b>729,000</b>
<b>OVERHEADS</b>		
Administrative expenses	<u>85</u>	<u>802,808</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES</b>	<u><b>34,915</b></u>	<u><b>( 73,808)</b></u>

**HALLMARK HEALTHCARE GROUP LIMITED**  
**NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2008**

	£	<u>2008</u>	£	£	<u>2007</u>	£
<b>ADMINISTRATIVE EXPENSES</b>						
<b>Personnel costs</b>						
Wages and salaries	-			721,213		
Employers NIC	-			74,161		
			-			795,374
<b>General expenses</b>						
Legal and professional fees	-			6,625		
Auditors remuneration	-			2,244		
			-			8,869
<b>Financial costs</b>						
Bank charges			85		( 1,435)	
			85		802,808	
<b>INTEREST RECEIVABLE</b>						
Interest from group undertakings		<u>613,428</u>			-	