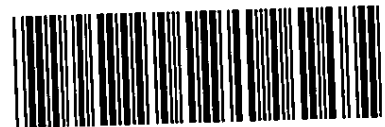


HALLMARK HEALTHCARE (GRESFORD) LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

TUESDAY



A0OKPWKR

A11

20/12/2011

#22

COMPANIES HOUSE

GRAVESTOCK & OWEN LIMITED

Chartered Accountants & Statutory Auditor

33 Market Place

Willenhall

West Midlands

WV13 2AA

HALLMARK HEALTHCARE (GRESFORD) LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2011

<u>CONTENTS</u>	<u>PAGE</u>
Officers and professional advisers	1
The directors' report	2 - 3
Independent auditor's report to the company	4
Abbreviated profit and loss account	5
Abbreviated balance sheet	6
Notes to the abbreviated accounts	7 - 15

HALLMARK HEALTHCARE (GRESFORD) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr R Goyal
Mr A M Goyal

Company secretary

Mr R Goyal

Registered office

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

Auditor

Gravestock & Owen Limited
Chartered Accountants
& Statutory Auditor
33 Market Place
Willenhall
West Midlands
WV13 2AA

HALLMARK HEALTHCARE (GRESFORD) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2011

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the management of three residential care homes

The directors report a moderate trading year. Turnover has fallen by 6.3% to £2,154,271 and the company made an operating loss of £89,487, after a charge of £160,003 for amortisation of goodwill. Interest payable was similar to last year at £63,222. The company's trade, goodwill and tangible fixed assets were sold to a third party with effect from 31 March 2011 and the business sale resulted in a book profit of £2,524,622. Following the payment of a dividend amounting to £1,930,000, the company has net assets of £9,956 at the balance sheet date. The company is now dormant.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,351,574. Particulars of dividends paid are detailed in note 6 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

As in any trading organisation, the directors acknowledge that as well as rewards, there are risks and uncertainties that need to be constantly monitored. The principal financial risk is an adverse variation in group interest rates, which are based on bank interest rates, resulting in higher interest payable and reduced profitability. The company is dependent upon the professionalism and efficiency of its employees in satisfying both its customers' needs and health and safety issues. Systems are in place to ensure effective monitoring of these issues.

DIRECTORS

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

Mr R Goyal
Mr A M Goyal

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

HALLMARK HEALTHCARE (GRESFORD) LIMITED

THE DIRECTORS' REPORT (CONTINUED)

YEAR ENDED 31 MARCH 2011

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 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 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 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.

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

Signed on behalf of the directors



MR R GOYAL
Director and Secretary

Approved by the directors on 19 August 2011

HALLMARK HEALTHCARE (GRESFORD) LIMITED

INDEPENDENT AUDITOR'S REPORT TO

HALLMARK HEALTHCARE (GRESFORD) LIMITED

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts, together with the financial statements of Hallmark Healthcare (Gresford) Limited for the year ended 31 March 2011 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



Malcolm Owen FCA
Senior Statutory Auditor
For and on behalf of
Gravestock and Owen Limited
Chartered Accountants &
Statutory Auditor

33 Market Place
Willenhall
West Midlands
WV13 2AA

19 August 2011

HALLMARK HEALTHCARE (GRESFORD) LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2011**

	<u>Note</u>	<u>2011</u> £	<u>2010</u> £
TURNOVER		2,154,271	2,300,917
Cost of Sales and Other operating income		135,852	151,992
Administrative expenses		2,107,906	1,891,243
OPERATING (LOSS)/PROFIT	2	(89,487)	257,682
Profit on disposal of discontinued operations		2,524,622	—
Interest payable and similar charges	4	63,222	66,539
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,371,913	191,143
Tax on profit on ordinary activities	5	20,339	104,722
PROFIT FOR THE FINANCIAL YEAR		2,351,574	86,421

All of the activities of the company are classed as discontinued

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £2,351,574 attributable to the shareholder for the year ended 31 March 2011 (2010 - profit of £86,421)


On 31 March 2011, the company's trade and fixed assets were sold and the company ceased trading on that date

HALLMARK HEALTHCARE (GRESFORD) LIMITED**ABBREVIATED BALANCE SHEET****31 MARCH 2011**

	<u>Note</u>	<u>2011</u>		<u>2010</u>	
		£	£	£	£
FIXED ASSETS					
Intangible assets	7	—		2,336,238	
Tangible assets	8	—		1,233,743	
				<u>3,569,981</u>	
CURRENT ASSETS					
Debtors	10	5,999,728		100,802	
Cash at bank and in hand		148,869		96,196	
		<u>6,148,597</u>		<u>196,998</u>	
CREDITORS: Amounts falling due within one year	11	<u>6,138,641</u>		<u>1,078,560</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>9,956</u>	<u>(881,562)</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,956</u>	<u>2,688,419</u>	
CREDITORS: Amounts falling due after more than one year	12	—		3,077,855	
PROVISIONS FOR LIABILITIES					
Deferred taxation	13	—		22,182	
			<u>9,956</u>	<u>(411,618)</u>	
CAPITAL AND RESERVES					
Called-up equity share capital	15	1		1	
Profit and loss account	16	9,955		(411,619)	
SHAREHOLDER'S FUNDS/(DEFICIT)	17	<u>9,956</u>		<u>(411,618)</u>	

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under section 445(3) of the Companies Act 2006

These abbreviated accounts were approved by the directors and authorised for issue on 19 August 2011, and are signed on their behalf by


MR A M GOYAL
Director

Company Registration Number 05244122

HALLMARK HEALTHCARE (GRESFORD) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

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 400 of the Companies Act 2006, 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 Care Homes Group Limited. The company's ultimate parent undertaking is Hallmark Care Homes 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 shareholders of the Hallmark Care Homes Group Holdings Limited group of companies

Turnover

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

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill - 5% per annum on cost

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Buildings	- 2% per annum on cost
Plant & Machinery	- 12.5% per annum reducing balance
Fixtures & Fittings	- 20% per annum reducing balance
Motor Vehicles	- 20% per annum reducing balance
Equipment	- 20% per annum reducing balance

HALLMARK HEALTHCARE (GRESFORD) LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)****YEAR ENDED 31 MARCH 2011****1. ACCOUNTING POLICIES (CONTINUED)****Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as 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. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging

	<u>2011</u> £	<u>2010</u> £
Directors' remuneration	—	—
Amortisation of intangible assets	160,003	160,003
Depreciation of owned fixed assets	45,650	43,366
Auditor's remuneration		
- as auditor	<u>6,597</u>	<u>6,374</u>

HALLMARK HEALTHCARE (GRESFORD) LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)****YEAR ENDED 31 MARCH 2011****3. PARTICULARS OF EMPLOYEES**

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

	<u>2011</u> No	<u>2010</u> No
Care staff	<u>117</u>	<u>114</u>

The aggregate payroll costs of the above were

	<u>2011</u> £	<u>2010</u> £
Wages and salaries	1,228,571	1,148,452
Social security costs	76,617	70,662
	<u>1,305,188</u>	<u>1,219,114</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2011</u> £	<u>2010</u> £
Interest payable on bank borrowing	3,444	—
Group interest payable	59,778	66,539
	<u>63,222</u>	<u>66,539</u>

5. TAXATION ON ORDINARY ACTIVITIES**(a) Analysis of charge in the year**

	<u>2011</u> £	<u>2010</u> £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2010 - 28%)	42,521	102,204
Total current tax	42,521	102,204
Deferred tax		
Origination and reversal of timing differences		
Capital allowances	(22,182)	2,518
Tax on profit on ordinary activities	<u>20,339</u>	<u>104,722</u>

HALLMARK HEALTHCARE (GRESFORD) LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)****YEAR ENDED 31 MARCH 2011****5. TAXATION ON ORDINARY ACTIVITIES (CONTINUED)****(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2010 - 28%)

The non-taxable income arises from the disposal of the company's business during the year. The capital gain arising will be rolled over against capital expenditure incurred by the Hallmark Care Homes Group Holdings Limited group of companies

	<u>2011</u> £	<u>2010</u> £
Profit on ordinary activities before taxation	<u>2,371,913</u>	<u>191,143</u>
Profit on ordinary activities by rate of tax	664,136	53,520
Expenses not deductible for tax purposes	73,776	51,202
Depreciation for period in excess of capital allowances	20,598	(2,518)
Tax chargeable at lower rates	1,584	-
Non-taxable income	<u>(717,573)</u>	-
Total current tax (note 5(a))	<u>42,521</u>	<u>102,204</u>

6. DIVIDENDS**Equity dividends**

	<u>2011</u> £	<u>2010</u> £
Paid		
Dividends on equity shares	<u>1,930,000</u>	<u>-</u>

HALLMARK HEALTHCARE (GRESFORD) LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)****YEAR ENDED 31 MARCH 2011****7. INTANGIBLE FIXED ASSETS**

	<u>Goodwill</u> £
COST	
At 1 April 2010	3,200,068
Disposals	(3,200,068)
At 31 March 2011	—
AMORTISATION	
At 1 April 2010	863,830
Charge for the year	160,003
On disposals	(1,023,833)
At 31 March 2011	—
NET BOOK VALUE	
At 31 March 2011	—
At 31 March 2010	2,336,238

As part of a rationalisation of the group, the trade and assets of Ashgrove Care Homes Limited were transferred to its parent undertaking, Hallmark Healthcare (Gresford) Limited, in a prior accounting period. This resulted in an apparent overvaluation of investments in the parent company's books, although there was no overall loss to the group. Schedule 4 to the Companies Act 1985 requires that, where such an overvaluation is expected to be permanent, the investment should be written down accordingly. The directors consider that as the substance of the transaction was merely to reorganise the group's operations, such a treatment would fail to give a true and fair view as the substance of the transaction was merely to reorganise the group's operations and the diminution in value of investments has instead been re-allocated to goodwill.

At the comparative balance sheet date, the effect on the parent company's balance sheet of this departure from the requirements of Schedule 4 was to recognise goodwill of £3,200,068 net of amortisation of £863,830. However, the goodwill was sold during the current financial year and consequently, no amounts are recorded at the balance sheet date.

HALLMARK HEALTHCARE (GRESFORD) LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)****YEAR ENDED 31 MARCH 2011****8. TANGIBLE FIXED ASSETS**

	<u>Freehold Property</u> £	<u>Plant & Machinery</u> £	<u>Fixtures & Fittings</u> £	<u>Motor Vehicles</u> £	<u>Equipment</u> £	<u>Total</u> £
COST						
At 1 Apr 2010	1,474,250	507,810	119,197	–	21,556	2,122,813
Additions	–	–	10,161	550	954	11,665
Disposals	(1,474,250)	(507,810)	(129,358)	(550)	(22,510)	(2,134,478)
At 31 Mar 2011	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
DEPRECIATION						
At 1 Apr 2010	352,063	463,879	57,561	–	15,567	889,070
Charge for the year	25,083	5,491	13,093	23	1,960	45,650
On disposals	(377,146)	(469,370)	(70,654)	(23)	(17,527)	(934,720)
At 31 Mar 2011	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
NET BOOK VALUE						
At 31 Mar 2011	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 31 Mar 2010	1,122,187	43,931	61,636	–	5,989	1,233,743

9. DISPOSAL OF BUSINESS

On 31 March 2011, the company sold its trade and fixed assets and discontinued its activities. The net book value of the assets disposed of totalled £3,375,993, consisting of intangible fixed assets of £2,176,235, as shown in note 9, and tangible fixed assets of £1,199,758, as shown in note 10. The proceeds after costs amounted to £5,900,615, resulting in a profit on disposal of £2,524,622, as shown in note 5.

10. DEBTORS

	<u>2011</u> £	<u>2010</u> £
Trade debtors	99,008	58,617
Amounts owed by group undertakings	–	1
Other debtors	5,900,720	56
Prepayments and accrued income	–	42,128
	<u>5,999,728</u>	<u>100,802</u>

HALLMARK HEALTHCARE (GRESFORD) LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)****YEAR ENDED 31 MARCH 2011****11. CREDITORS: Amounts falling due within one year**

	<u>2011</u> £	<u>2010</u> £
Trade creditors	26,077	60,841
Amounts owed to group undertakings	5,923,592	817,764
Corporation tax	42,521	102,204
PAYE and social security	16,468	16,513
Other creditors	20,744	20,180
Accruals and deferred income	109,239	61,058
	<u>6,138,641</u>	<u>1,078,560</u>

12. CREDITORS: Amounts falling due after more than one year

	<u>2011</u> £	<u>2010</u> £
Amounts owed to group undertakings	—	3,077,855

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>2011</u> £	<u>2010</u> £
Amounts owed to group undertakings	—	2,331,103

13. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	<u>2011</u> £	<u>2010</u> £
Provision brought forward	22,182	19,664
Profit and loss account movement arising during the year	(22,182)	2,518
Provision carried forward	—	22,182

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	<u>2011</u> £	<u>2010</u> £
Excess of taxation allowances over depreciation on fixed assets	—	22,182
	—	22,182

HALLMARK HEALTHCARE (GRESFORD) LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)****YEAR ENDED 31 MARCH 2011****14. CONTINGENCIES**

The company and certain fellow subsidiary undertakings have guaranteed the bank loans of the company's parent undertaking, Hallmark Healthcare Group Limited and certain fellow subsidiary undertakings. The guarantee is supported by a fixed and floating charge over the company's assets. At the balance sheet date, the contingent liability in respect of this arrangement amounted to £42,370,589. The directors do not consider that any liability will fall on the company as a result of this contingent liability.

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

	<u>2011</u> £	<u>2010</u> £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	<u>2011</u> No	£	<u>2010</u> No	£
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

16. PROFIT AND LOSS ACCOUNT

	<u>2011</u> £	<u>2010</u> £
Balance brought forward	(411,619)	(498,040)
Profit for the financial year	2,351,574	86,421
Equity dividends	(1,930,000)	—
Balance carried forward	<u>9,955</u>	<u>(411,619)</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	<u>2011</u> £	<u>2010</u> £
Profit for the financial year	2,351,574	86,421
Equity dividends	(1,930,000)	—
Net addition to shareholder's deficit	421,574	86,421
Opening shareholder's deficit	(411,618)	(498,039)
Closing shareholder's funds/(deficit)	<u>9,956</u>	<u>(411,618)</u>

HALLMARK HEALTHCARE (GRESFORD) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

YEAR ENDED 31 MARCH 2011

18. ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is Hallmark Care Homes Group Limited and its ultimate parent undertaking is Hallmark Care Homes Group Holdings Limited. Each company is registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Hallmark Care Homes 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.