

COMPANY REGISTRATION NUMBER: 05182431

Hallmark Care Homes (Pentwyn) Limited
Financial Statements
31 March 2021

MURAS BAKER JONES LIMITED
Chartered accountants & statutory auditor
Regent House
Bath Avenue
Wolverhampton
West Midlands
WV1 4EG

THURSDAY



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COMPANIES HOUSE

Hallmark Care Homes (Pentwyn) Limited

Financial Statements

Year ended 31 March 2021

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Hallmark Care Homes (Pentwyn) Limited

Officers and Professional Advisers

The board of directors	Mr AM Goyal Mr RK Goyal
Company secretary	Mr RK Goyal
Registered office	2 Kingfisher House Woodbrook Crescent Radford Way Billericay Essex CM12 0EQ
Auditor	Muras Baker Jones Limited Chartered accountants & statutory auditor Regent House Bath Avenue Wolverhampton West Midlands WV1 4EG

Hallmark Care Homes (Pentwyn) Limited

Strategic Report

Year ended 31 March 2021

Principal activities

The principal activity of the company during the year was the management of a residential care home.

Strategy

The focus at the home is to create a community that offers activity, independence and choice, giving residents the choice to live their lives the way they really want to. Management is dedicated to developing quality environments and high standards of care. The company is dependent upon attracting and retaining quality team members with the right skills and attitude and relies on their professionalism and caring nature in satisfying both the needs of residents and health and safety issues. Training is undertaken to develop the team, deliver high quality relationship-centred care and mitigate operational risk associated with providing care to older people. By following this strategy, the directors seek to create a thriving, caring and profitable care home to ensure that they can continue to invest in their people and buildings to ensure the company remains at the forefront of what it does.

Business environment

The care home market is competitive and highly regulated. The company holds a licence to operate its care home and receives regular inspections from the Care Inspectorate Wales.

Results and performance

The company's results for the year are set out on page 11 to the financial statements. The company's performance during the financial year has produced encouraging results.

Key performance indicators

The company has made significant progress throughout the year in relation to key elements of its strategy. The company produces detailed management reports and accounts on a monthly basis and a number of Key Performance Indicators ("KPIs") are an integral part of this process. The monthly management reports and accounts focus on the actual performance of the business compared with the budget set for the current financial period. The financial KPIs that are part of this review process include the level of turnover, payroll costs and operating profit, all of which are detailed in the financial statements. Non-financial KPIs include occupancy as a percentage of available beds and the results of inspections from the Care Inspectorate Wales. The company works with the relevant authorities to maintain and improve the high standard of care that management strives to provide.

Hallmark Care Homes (Pentwyn) Limited

Strategic Report *(continued)*

Year ended 31 March 2021

Principal risks and uncertainties

The principal risks and uncertainties facing the company are broadly grouped as commercial, operational and financial risk.

Commercial

The principal commercial risk that the company faces is loss of its reputation through any adverse reports from relevant regulators. The directors have put in place arrangements to ensure that standards are maintained and enhanced through central support, the employment and retention of quality team members and the maintenance of high quality facilities.

Operational

The operational challenge of recruitment and retention of good quality team members is managed through targeting a zero agency culture whereby the company actively monitors agency usage, adopting both a group and local approach to recruitment and investment in team inductions and training.

The impact of Covid-19 has had a medium-term impact on revenue, occupancy levels declining because of the pandemic. Additional efforts over the coming months will be made to increase occupancy and mitigate the risk.

Financial

The company's credit risk is low, being primarily attributable to its trade debtors. Privately-funded residents pay a deposit on commencement and all credit risk, both publicly and privately-funded, is managed by monitoring payments against contractual agreements. The company 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.

The company faces financial risk from the inflationary pressures on team costs. Any future changes in the National Living Wage will have significant impact on labour cost differentials for the care sector. The company budgets carefully for labour cost differentials arising from National Minimum Wage and Living Wage increases and the associated impact on cash flow and profitability.

Future developments

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

This report was approved by the board of directors on 14 December 2021 and signed on behalf of the board by:



Mr RK Goyal
Director

Hallmark Care Homes (Pentwyn) Limited

Directors' Report

Year ended 31 March 2021

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

Principal activities

The principal activity of the company during the year was the management of a residential care home.

Directors

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

Mr AM Goyal
Mr RK Goyal

Dividends

Particulars of recommended dividends are detailed in note 10 to the financial statements.

Disclosure of information in the strategic report

A review of the business, principal risks and uncertainties and likely future developments are discussed in the Strategic Report on pages 2 and 3.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 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 judgments 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 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.

Hallmark Care Homes (Pentwyn) Limited

Directors' Report *(continued)*

Year ended 31 March 2021

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 14 December 2021 and signed on behalf of the board by:



Mr RK Goyal
Director

Hallmark Care Homes (Pentwyn) Limited

Independent Auditor's Report to the Member of Hallmark Care Homes (Pentwyn) Limited

Year ended 31 March 2021

Opinion

We have audited the financial statements of Hallmark Care Homes (Pentwyn) Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, statement of financial position, 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 FRS 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 company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 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.

Hallmark Care Homes (Pentwyn) Limited

Independent Auditor's Report to the Member of Hallmark Care Homes (Pentwyn) Limited *(continued)*

Year ended 31 March 2021

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions 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 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 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Hallmark Care Homes (Pentwyn) Limited

Independent Auditor's Report to the Member of Hallmark Care Homes (Pentwyn) Limited *(continued)*

Year ended 31 March 2021

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

In planning and designing our audit tests we identify and assess the risks of material misstatement within the financial statements, whether due to fraud or error. Our assessment of these risks includes consideration of the nature of the industry and sector, the control environment and the business performance along with the results of our enquiries of management about their own identification and assessment of risks and irregularities. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, UK tax legislation and other laws and regulations identified as risk areas identified from our discussions with management.

Hallmark Care Homes (Pentwyn) Limited

Independent Auditor's Report to the Member of Hallmark Care Homes (Pentwyn) Limited *(continued)*

Year ended 31 March 2021

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

After consideration of the above risks we then carried out audit procedures including the following:

- specific tests in relation to material amounts and disclosures in the financial statements considered to be of high risk;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of management meetings;
- reviewing correspondence with H M Revenue & Customs;
- enquiring of management and reviewing any correspondence with legal advisors concerning actual and potential litigation and claims;
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

There are inherent limitations in our audit procedures described above. The more removed that the laws and regulations are from financial transactions the less likely it is that we would be aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Hallmark Care Homes (Pentwyn) Limited

Independent Auditor's Report to the Member of Hallmark Care Homes (Pentwyn) Limited *(continued)*

Year ended 31 March 2021

Use of our report

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Oliver Ross BSc (Hons) FCA (Senior Statutory Auditor)

For and on behalf of
Muras Baker Jones Limited
Chartered accountants & statutory auditor
Regent House
Bath Avenue
Wolverhampton
West Midlands
WV1 4EG

14 December 2021

Hallmark Care Homes (Pentwyn) Limited

Statement of Comprehensive Income

Year ended 31 March 2021

	Note	2021 £	2020 £
Turnover	4	6,083,399	6,650,732
Cost of sales		<u>(3,231,230)</u>	<u>(3,195,349)</u>
Gross profit		2,852,169	3,455,383
Administrative expenses		<u>(1,079,582)</u>	<u>(1,579,778)</u>
Other operating income	5	<u>340,960</u>	<u>–</u>
Operating profit	6	2,113,547	1,875,605
Profit before taxation		<u>2,113,547</u>	<u>1,875,605</u>
Tax on profit	9	<u>(411,937)</u>	<u>(356,395)</u>
Profit for the financial year and total comprehensive income		<u>1,701,610</u>	<u>1,519,210</u>

All the activities of the company are from continuing operations.

The notes on pages 14 to 21 form part of these financial statements.

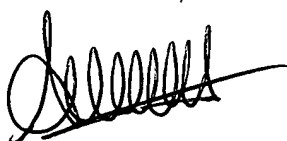
Hallmark Care Homes (Pentwyn) Limited

Statement of Financial Position

31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	3,451,463	3,499,263
Current assets			
Debtors	12	9,145,012	7,346,758
Cash at bank and in hand		195,308	177,062
		<u>9,340,320</u>	<u>7,523,820</u>
Creditors: amounts falling due within one year	13	<u>(4,723,331)</u>	<u>(1,156,241)</u>
Net current assets		<u>4,616,989</u>	<u>6,367,579</u>
Total assets less current liabilities		<u>8,068,452</u>	<u>9,866,842</u>
Net assets		<u>8,068,452</u>	<u>9,866,842</u>
Capital and reserves			
Called up share capital	16	1	1
Profit and loss account	17	8,068,451	9,866,841
Shareholder's funds		<u>8,068,452</u>	<u>9,866,842</u>

These financial statements were approved by the board of directors and authorised for issue on 14 December 2021, and are signed on behalf of the board by:



Mr AM Goyal
Director

Company registration number: 05182431

The notes on pages 14 to 21 form part of these financial statements.

Hallmark Care Homes (Pentwyn) Limited

Statement of Changes in Equity

Year ended 31 March 2021

	Called up share capital £	Profit and loss account £	Total £
At 1 April 2019	1	8,347,631	8,347,632
Profit for the year	—	1,519,210	1,519,210
Total comprehensive income for the year	—	1,519,210	1,519,210
At 31 March 2020	1	9,866,841	9,866,842
Profit for the year	—	1,701,610	1,701,610
Total comprehensive income for the year	—	1,701,610	1,701,610
Dividends paid and payable	10	— (3,500,000)	(3,500,000)
Total investments by and distributions to owners	—	(3,500,000)	(3,500,000)
At 31 March 2021	1	8,068,451	8,068,452

The notes on pages 14 to 21 form part of these financial statements.

Hallmark Care Homes (Pentwyn) Limited

Notes to the Financial Statements

Year ended 31 March 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 2 Kingfisher House, Woodbrook Crescent, Radford Way, Billericay, Essex, CM12 0EQ.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Hallmark Care Homes Group Holdings Limited which can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Judgements 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. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from these results.

The judgements, estimates and assumptions which have a significant risk of material adjustment to the carrying value of assets and liabilities are:

Depreciation of tangible fixed assets:

Tangible fixed assets, other than freehold land, are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.

Trade and other debtors:

The company has recognised impairment provisions in respect of bad and doubtful trade and other debtors. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

Hallmark Care Homes (Pentwyn) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits repayable on demand with any qualifying financial institution, less overdrafts from any qualifying financial institution repayable on demand together with short term investments. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if a maturity or period of notice of not more than 24 hours or one working day has been agreed.

Revenue recognition

Turnover from the management of a residential care home is recognised at the fair value of the consideration receivable for the sale of services provided to customers during the year in the normal course of business. Turnover is recognised when services are provided to the customer.

Holiday pay accrual

A liability is recognised to the extent any unused holiday pay entitlement has accrued at the reporting date and has been carried forward to future periods. This is measured at the undiscounted payroll cost of the future holiday entitlement.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are initially recorded at historical cost and subsequently stated at cost less any accumulated depreciation and 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. Repairs and maintenance are charged to the Statement of Comprehensive Income in the year they are incurred.

Hallmark Care Homes (Pentwyn) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Depreciation

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

Freehold buildings	- 2% pa straight line
Plant and machinery	- 12.5% pa straight line
Fixtures and fittings	- 20% pa straight line
Equipment	- 20% pa straight line

Freehold land is not subject to depreciation.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Hallmark Care Homes (Pentwyn) Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2021

3. Accounting policies (continued)

Government grants (continued)

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

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.

Financial assets:

Financial assets comprise cash at bank, short term investments, trade debtors, other debtors, and other loans. These are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost under the effective interest method, if applicable. The company considers evidence of impairment for all individual trade and other debtors, and any resultant impairment is recognised in the Statement of Comprehensive Income.

Impairment of financial assets:

Impairment provisions are recognised when there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment. Impairment provisions represent the difference between the carrying amount of a financial asset and the value of the expected future cash receipts from that asset.

Financial liabilities:

Financial liabilities comprise other loans, trade creditors, other creditors and accruals and deferred income; these are initially recorded, and subsequently carried, at cost on the date they originate.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

4. Turnover

Turnover arises from:

	2021 £	2020 £
Care home income	<u>6,083,399</u>	<u>6,650,732</u>

Hallmark Care Homes (Pentwyn) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

4. Turnover *(continued)*

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2021 £	2020 £
Government grant income	<u>340,960</u>	<u>—</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2021 £	2020 £
Depreciation of tangible assets	<u>96,611</u>	<u>78,547</u>

7. Auditor's remuneration

	2021 £	2020 £
Fees payable for the audit of the financial statements	<u>2,700</u>	<u>2,000</u>

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021 No.	2020 No.
Care team members	<u>164</u>	<u>160</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021 £	2020 £
Wages and salaries	2,567,487	2,512,055
Social security costs	189,757	177,670
Other pension costs	37,596	37,856
	<u>2,794,840</u>	<u>2,727,581</u>

Hallmark Care Homes (Pentwyn) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

9. Tax on profit

Major components of tax expense

	2021 £	2020 £
Current tax:		
UK current tax expense	401,200	356,211
Adjustments in respect of prior periods	10,737	184
Total current tax	<u>411,937</u>	<u>356,395</u>
Tax on profit	<u>411,937</u>	<u>356,395</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit on ordinary activities before taxation	2,113,547	1,875,605
Profit on ordinary activities by rate of tax	401,574	356,365
Adjustment to tax charge in respect of prior periods	10,738	184
Effect of expenses not deductible for tax purposes	10,822	10,995
Effect of capital allowances and depreciation	–	(6,307)
Rounding on tax charge	(3)	–
Sundry adjustments	–	(4,842)
Amounts not recognised	(11,194)	–
Tax on profit	<u>411,937</u>	<u>356,395</u>

10. Dividends

	2021 £	2020 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>3,500,000</u>	<u>–</u>

Hallmark Care Homes (Pentwyn) Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2021

11. Tangible assets

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Equipment £	Total £
Cost					
At 1 April 2020	4,148,431	1,444,281	368,491	33,284	5,994,487
Additions	–	743	41,777	6,291	48,811
At 31 March 2021	4,148,431	1,445,024	410,268	39,575	6,043,298
Depreciation					
At 1 April 2020	741,359	1,418,140	322,285	13,440	2,495,224
Charge for the year	56,953	6,587	23,141	9,930	96,611
At 31 March 2021	798,312	1,424,727	345,426	23,370	2,591,835
Carrying amount					
At 31 March 2021	3,350,119	20,297	64,842	16,205	3,451,463
At 31 March 2020	3,407,072	26,141	46,206	19,844	3,499,263

12. Debtors

	2021 £	2020 £
Trade debtors	23,344	59,123
Amounts owed by group undertakings	9,031,279	7,238,227
Prepayments and accrued income	90,389	49,261
Other debtors	–	147
	9,145,012	7,346,758

13. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	78,745	83,912
Amounts owed to group undertakings	3,687,023	187,023
Accruals and deferred income	226,898	180,166
Corporation tax	401,200	356,211
Social security and other taxes	30,782	34,442
Other creditors	298,683	314,487
	4,723,331	1,156,241

14. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £37,596 (2020: £37,856).

Hallmark Care Homes (Pentwyn) Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2021

15. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2021 £	2020 £
Recognised in other operating income:		
Government grants recognised directly in income	<u>340,960</u>	<u>–</u>

16. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

17. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

18. Charges on assets

The company has guaranteed the bank loans of its ultimate parent undertaking, Hallmark Care Homes Group Holdings Limited. The guarantee is supported by a first legal charge over the company's freehold property and by a fixed and floating charge over its current and future assets. At the reporting date, the contingent liability in respect of this arrangement amounted to £87,250,000. The directors do not consider that any liability will fall on the company as a result of this contingent liability.

19. Controlling party

The company's immediate parent undertaking is Hallmark Care Homes (Cardiff) 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 Companies House, Crown Way, Cardiff, CF14 3UZ.