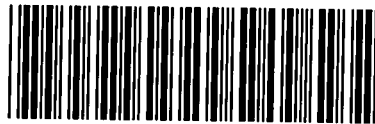


COMPANY REGISTRATION NUMBER: 6520757

**Hallmark Care Homes (Billericay) Limited**  
**Financial Statements**  
**31 March 2018**

SATURDAY



\*A7LBZYØ\*

A26

22/12/2018

#392

COMPANIES HOUSE

# **Hallmark Care Homes (Billericay) Limited**

## **Strategic Report**

**Year ended 31 March 2018**

### **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 Quality Commission.

### **Results and performance**

The company's results for the year are set out on page 9 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 which for the year under review was 92% (2017: 94%). Non-financial KPIs also include the results of inspections from the Care Quality Commission. The company works with the relevant authorities to maintain and improve the high standard of care that management strives to provide.

# Hallmark Care Homes (Billericay) Limited

## Strategic Report *(continued)*

Year ended 31 March 2018

### 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.

#### 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 20 December 2018 and signed on behalf of the board by:



Mr RK Goyal  
Director

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

# **Hallmark Care Homes (Billericay) Limited**

## **Directors' Report**

### **Year ended 31 March 2018**

The directors present their report and the financial statements of the company for the year ended 31 March 2018.

#### **Directors**

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

Mr AM Goyal  
Mr RK Goyal

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **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 1 and 2.

#### **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.

#### **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.

# Hallmark Care Homes (Billericay) Limited

## Directors' Report *(continued)*

**Year ended 31 March 2018**

This report was approved by the board of directors on 20 December 2018 and signed on behalf of the board by:



Mr RK Goyal  
Director

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

# **Hallmark Care Homes (Billericay) Limited**

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

**Year ended 31 March 2018**

### **Opinion**

I have audited the financial statements of Hallmark Care Homes (Billericay) Limited (the 'company') for the year ended 31 March 2018 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 my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 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**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the FRC's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **Hallmark Care Homes (Billericay) Limited**

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

**Year ended 31 March 2018**

### **Other information**

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

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

I have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In my 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 I am 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, I have not identified material misstatements in the strategic report or the directors' report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by me; 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
- I have not received all the information and explanations I require for my audit.

# **Hallmark Care Homes (Billericay) Limited**

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

**Year ended 31 March 2018**

### **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**

My 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 my 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



# Hallmark Care Homes (Billericay) Limited

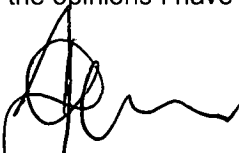
## Independent Auditor's Report to the Member of Hallmark Care Homes (Billericay) Limited *(continued)*

**Year ended 31 March 2018**

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **Use of my 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. My audit work has been undertaken so that I might state to the company's member those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's member as a body, for my audit work, for this report, or for the opinions I have formed.



Timothy Saxon (Senior statutory auditor)  
For and on behalf of TJ Saxon  
Chartered accountant & statutory auditor  
43 Hagley Road  
Stourbridge  
West Midlands  
DY8 1QR

20 December 2018

# Hallmark Care Homes (Billericay) Limited

## Statement of Comprehensive Income

Year ended 31 March 2018

	Note	2018 £	2017 £
<b>Turnover</b>	<b>4</b>	<b>4,929,969</b>	4,825,563
Cost of sales		<u>(2,578,420)</u>	<u>(2,695,217)</u>
<b>Gross profit</b>		<b>2,351,549</b>	2,130,346
Administrative expenses		<u>(1,072,838)</u>	<u>(1,115,060)</u>
<b>Operating profit</b>	<b>5</b>	<b>1,278,711</b>	1,015,286
Interest payable and similar expenses	<b>7</b>	<u>(85,650)</u>	<u>(194,162)</u>
<b>Profit before taxation</b>		<b>1,193,061</b>	821,124
Tax on profit	<b>8</b>	<u>(252,000)</u>	<u>(198,857)</u>
<b>Profit for the financial year</b>		<b><u>941,061</u></b>	<b><u>622,267</u></b>
Movement on tax on business asset rollover relief on chargeable gains		<u>(12,000)</u>	19,000
<b>Total comprehensive income for the year</b>		<b><u>929,061</u></b>	<b><u>641,267</u></b>

All the activities of the company are from continuing operations.

The notes on pages 12 to 19 form part of these financial statements.


# Hallmark Care Homes (Billericay) Limited

## Statement of Financial Position

31 March 2018

	Note	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	9		3,687,184		3,928,606
<b>Current assets</b>					
Debtors	10	432,239		7,017,095	
Cash at bank and in hand		139,953		349,380	
		<u>572,192</u>		<u>7,366,475</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(918,804)</u>		<u>(1,274,140)</u>	
<b>Net current (liabilities)/assets</b>			<u>(346,612)</u>		<u>6,092,335</u>
<b>Total assets less current liabilities</b>			<u>3,340,572</u>		<u>10,020,941</u>
<b>Creditors: amounts falling due after more than one year</b>	12		–		(7,621,430)
<b>Provisions</b>					
Taxation including deferred tax	13		<u>(281,000)</u>		<u>(269,000)</u>
<b>Net assets</b>			<u><u>3,059,572</u></u>		<u><u>2,130,511</u></u>
<b>Capital and reserves</b>					
Called up share capital	16		1		1
Profit and loss account	17		<u>3,059,571</u>		<u>2,130,510</u>
<b>Shareholder's funds</b>			<u><u>3,059,572</u></u>		<u><u>2,130,511</u></u>

These financial statements were approved by the board of directors and authorised for issue on 20 December 2018, and are signed on behalf of the board by:



Mr AM Goyal  
Director

Company registration number: 6520757

The notes on pages 12 to 19 form part of these financial statements.

# Hallmark Care Homes (Billericay) Limited

## Statement of Changes in Equity

Year ended 31 March 2018

	Called up share capital £	Profit and loss account £	Total £
<b>At 1 April 2016</b>	1	1,489,243	1,489,244
Profit for the year		622,267	622,267
Other comprehensive income for the year:			
Movement on tax on business asset rollover relief on chargeable gains	—	19,000	19,000
<b>Total comprehensive income for the year</b>	—	641,267	641,267
<b>At 31 March 2017</b>	1	2,130,510	2,130,511
Profit for the year		941,061	941,061
Other comprehensive income for the year:			
Movement on tax on business asset rollover relief on chargeable gains	—	(12,000)	(12,000)
<b>Total comprehensive income for the year</b>	—	929,061	929,061
<b>At 31 March 2018</b>	<u>1</u>	<u>3,059,571</u>	<u>3,059,572</u>

The notes on pages 12 to 19 form part of these financial statements.

# **Hallmark Care Homes (Billericay) Limited**

## **Notes to the Financial Statements**

**Year ended 31 March 2018**

### **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, CM12 0EQ, Essex.

### **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.

#### **Going concern**

The company's ultimate parent undertaking, Hallmark Care Homes Group Holdings Limited, has agreed to continue to support the company's funding requirements to enable the company to meet its obligations as and when they fall due for at least the next 12 months from the date of approval of these financial statements. The directors are of the opinion that, having regard to the funding available from the ultimate parent undertaking, the company has sufficient working capital to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements.

#### **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. 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.

# Hallmark Care Homes (Billericay) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

### 3. Accounting policies *(continued)*

#### 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.

#### 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.

# Hallmark Care Homes (Billericay) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

### 3. Accounting policies *(continued)*

#### Income tax *(continued)*

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.

#### 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.

# Hallmark Care Homes (Billericay) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

### 3. Accounting policies *(continued)*

#### Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

#### 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:

	2018 £	2017 £
Care home income	<u>4,929,969</u>	<u>4,825,563</u>

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

### 5. Operating profit

Operating profit or loss is stated after charging:

	2018 £	2017 £
Depreciation of tangible assets	290,037	350,346
Impairment of trade debtors	620	—
Fees payable for the audit of the financial statements	<u>775</u>	<u>750</u>

The auditor's remuneration is inclusive of irrecoverable value added tax. The auditor did not receive any fees for non-audit services.



# Hallmark Care Homes (Billericay) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

### 6. Staff costs

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

	2018 No.	2017 No.
Care team members	<u>119</u>	<u>125</u>

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

	2018 £	2017 £
Wages and salaries	1,919,542	1,963,228
Social security costs	124,301	133,811
Other pension costs	10,614	11,400
	<u>2,054,457</u>	<u>2,108,439</u>

### 7. Interest payable and similar expenses

	2018 £	2017 £
Interest on banks loans and overdrafts	<u>85,650</u>	<u>194,162</u>

### 8. Tax on profit

#### Major components of tax expense

	2018 £	2017 £
<b>Current tax:</b>		
UK current tax expense	252,000	199,000
Adjustments in respect of prior periods	—	(143)
Total current tax	<u>252,000</u>	<u>198,857</u>
<b>Tax on profit</b>	<u>252,000</u>	<u>198,857</u>

# Hallmark Care Homes (Billericay) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

### 8. Tax on profit *(continued)*

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 20%).

	2018 £	2017 £
Profit on ordinary activities before taxation	<b>1,193,061</b>	821,124
Profit on ordinary activities by rate of tax	<b>226,682</b>	164,225
Adjustment to tax charge in respect of prior periods	–	(143)
Effect of expenses not deductible for tax purposes	<b>11,688</b>	12,309
Depreciation for period in excess of capital allowances	<b>12,483</b>	20,901
Sundry adjustments	<b>1,147</b>	1,565
Tax on profit	<b>252,000</b>	198,857

### 9. Tangible assets

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Equipment £	Total £
<b>Cost</b>					
At 1 April 2017	3,685,184	1,523,623	778,957	38,531	<b>6,026,295</b>
Additions	–	(3,856)	32,160	20,311	<b>48,615</b>
Disposals	–	–	(50,628)	(3,884)	<b>(54,512)</b>
<b>At 31 March 2018</b>	<b>3,685,184</b>	<b>1,519,767</b>	<b>760,489</b>	<b>54,958</b>	<b>6,020,398</b>
<b>Depreciation</b>					
At 1 April 2017	342,662	1,036,796	705,571	12,660	<b>2,097,689</b>
Charge for the year	61,518	188,623	29,351	10,545	<b>290,037</b>
Disposals	–	–	(50,628)	(3,884)	<b>(54,512)</b>
<b>At 31 March 2018</b>	<b>404,180</b>	<b>1,225,419</b>	<b>684,294</b>	<b>19,321</b>	<b>2,333,214</b>
<b>Carrying amount</b>					
<b>At 31 March 2018</b>	<b>3,281,004</b>	<b>294,348</b>	<b>76,195</b>	<b>35,637</b>	<b>3,687,184</b>
At 31 March 2017	<b>3,342,522</b>	<b>486,827</b>	<b>73,386</b>	<b>25,871</b>	<b>3,928,606</b>

### 10. Debtors

	2018 £	2017 £
Trade debtors	<b>172,507</b>	382,718
Amounts owed by group undertakings	<b>231,229</b>	6,595,854
Prepayments and accrued income	<b>25,771</b>	29,769
Other debtors	<b>2,732</b>	8,754
	<b>432,239</b>	<b>7,017,095</b>

# Hallmark Care Homes (Billericay) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

### 11. Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loan	—	336,000
Trade creditors	143,981	113,501
Accruals and deferred income	189,595	337,833
Corporation tax	252,000	199,000
Social security and other taxes	23,531	24,257
Other creditors	309,697	263,549
	<u>918,804</u>	<u>1,274,140</u>

### 12. Creditors: amounts falling due after more than one year

	2018 £	2017 £
Bank loan	—	7,621,430

### 13. Provisions

	Deferred tax (note 14) £
At 1 April 2017	269,000
Movement on tax on business asset rollover relief on chargeable gains	12,000
<b>At 31 March 2018</b>	<u><b>281,000</b></u>

### 14. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2018 £	2017 £
Included in provisions (note 13)	<u>281,000</u>	<u>269,000</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2018 £	2017 £
Business asset rollover relief on chargeable gains	<u>281,000</u>	<u>269,000</u>

In prior periods, companies within the Hallmark Care Homes Group Holdings Limited group of companies claimed business asset rollover relief on chargeable gains against expenditure incurred by the company. Provision for this taxation liability is included above but would only crystalize on the disposal of the relevant freehold land and buildings, without further reinvestment.

# Hallmark Care Homes (Billericay) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

### 15. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £10,614 (2017: £11,400).

### 16. Called up share capital

#### Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1.00</u>	<u>1</u>	<u>1.00</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 fixed and floating charge over the company's assets. At the reporting date, the contingent liability in respect of this arrangement amounted to £50,294,000. 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 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.