Registered number: 03066903

SHELTON CARE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 MARCH 2022

SHELTON CARE LIMITED

COMPANY INFORMATION

Directors	J F Allen F Lalani K Lewis J Mawji D Rowe-Bewick M Cleasby M Ranson C J Leake
Registered number	03066903
Registered office	Suite 22 The Globe Centre St. James Square Accrington BB5 0RE
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Landmark St Peter's Square 1 Oxford Street Manchester M1 4PB
Bankers	HSBC 60 Church Street Blackburn Lancashire BB1 5AS

SHELTON CARE LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 30 MARCH 2022

Introduction

The Directors present the Strategic report for the year ended 30 March 2022.

The principal activity of the Company continued to be that of the provision of specialist care and educational services for people with learning disabilities.

The Directors aim to present a balanced and comprehensive review of the development and performance of the business during the period and its position at the period end. Our review is consistent with the size and non-complex nature of the business and written in the context of the risks and uncertainties we face.

Fair review of the business

Shelton Care Limited ("the Company") operates in the North Staffordshire area. During the year, the Company has continued to develop its business through organic growth. The overall turnover of the Company for the year ended 30 March 2022 was £13,851,280 *(2021: £13,331,329)* due to increased occupancy and continued review and pricing revision of care support packages.

During the year ended 30 March 2021 as a result of the Covid 19 pandemic, the Company incurred significant cost through the utilisation of agency labour. This was required to maintain staffing at safe levels whilst underlying recruitment needs were remedied.

During the year ending 30 March 2022, such usage continued due to the ongoing pandemic and alternative sectors also offering attractive rates of pay, which has been well documented in the national press as a factor impacting the entire sector. The Company received additional funding from local authorities to assist with the additional costs of the pandemic these were released against costs as incurred during the year ended 30 March 2021 however, these costs continued in the year ended 30 March 2022 and ultimately exceeded the total value of funding received, being the key driver for the reduction in profit before tax year on year.

The Directors are satisfied with the performance of the Company, given the challenges faced by the sector as a whole. Reducing the usage of agency to pre-Covid levels remains a key focus of the business.

Principal risks and uncertainties

The principal risks and uncertainties are competition with the local area, the dependency on revenues from local authorities who are facing budget cuts, the provision of substandard care or the non-compliance with regulatory requirements.

The Company manages this risk by investing heavily in staff training and implementing internal controls such as quality audits, periodic reviews of the services provided and the setting of performance targets.

Key performance indicators

The Company's Directors are of the opinion that further analysis of KPI's, other than those described in the business review are not necessary in order to understand the development and performance of the business due to its straightforward nature.

This report was approved by the board and signed on its behalf.

David Rowe-Bewick

D Rowe-Bewick
Director
Date: 27/1/2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 MARCH 2022

The Directors present their report and the financial statements for the year ended 30 March 2022.

Results and dividends

The profit for the year, after taxation, amounted to £662,997 *(2021: £2,143,511)*.

The results for the year are set out on page 10.

No ordinary dividends were paid. The Directors do not recommend the payment of a final dividend.

Directors

The Directors who served during the year were:

J F Allen
F Lalani
K Lewis
J Mawji
D Rowe-Bewick
M Cleasby
M Ranson
C J Leake (appointed 26 August 2021)

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping 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.

Financial instruments

Liquidity risk

The risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company manages liquidity risk by maintaining adequate banking facilities and by continuously monitoring forecast and actual cash flows.

Credit risk

The risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations and arise principally from amounts receivable from debtors.

The Company has no significant concentration of credit risk; this risk is managed by the structuring of contracts with counterparties and by implementing appropriate credit control procedures in the conduct of its business. The customers of the Company are mainly local authorities and other public bodies, therefore, the risk of bad debts from these is considered to be relatively minor.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Company continues and that the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The board continues to place emphasis on maintaining high standards of stakeholder experience. Whether a vulnerable individual we support, a committed colleague or a connected party the Director's commitment to them is essential. Accordingly the Company has continued to develop its arrangements for employee information, consultation, communication and involvement. The Company has introduced numerous initiatives throughout the year designed to bring all parties together and share best practice. The Directors continue to hold its Group Annual Conference and Awards Ceremony to recognise achievements throughout the business.

Future developments

The Directors continue to maintain the management policies which have resulted in the Company's growth in recent years. They consider that the future years will show a further growth in turnover from continuing operations attributable to the development of new and existing services.

Going concern

In the annual review of the Company's status as a going concern, the Directors have considered the ongoing impacts of the COVID-19 pandemic. During the pandemic, the Government provided additional assistance to the Care Sector to ensure continuity of service, this support was materially withdrawn at the end of March-22. The Company continues to incur additional costs in relation to lasting effects of COVID-19 on the Care Sector in the form of additional cleaning and PPE, and in particular, the widely publicised impact of recruitment leading to increased agency costs. However, the Directors have prepared and assessed future forecasts based on receiving no further funding and do not consider there to be any present risk to the going concern status of the Company.

The Company has obtained a letter of support from its ultimate parent company National Care Group Holdings Limited stating its intention to provide any necessary support for the 12 months from signing in order to meet any financial liabilities as they arise.

Qualifying third party indemnity provisions

There are no qualifying third party indemnity provisions.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

David Rowe-Bewick

D Rowe-Bewick
Director
Date: 27/1/2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHELTON CARE LIMITED

Opinion

We have audited the financial statements of Shelton Care Limited (the 'Company') for the year ended 30 March 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the '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

We are responsible for concluding 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 we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Covid-19, we assessed and challenged the reasonableness of estimates made by the Directors and the related disclosures and analysed how those risks might affect the parent Company's financial resources or ability to continue operations over the going concern period.

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.

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.

The responsibilities of the Directors with respect to going concern are described in the 'Responsibilities of Directors for the financial statements' section of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's report thereon. 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.

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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.

Responsibilities of directors for the financial statements

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.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company, and the industry in which it operates. We determined that the following laws and regulations are the most significant which are directly relevant to specific assertions in the financial statements:
  - Those that relate to the reporting framework being FRS 102 and the Companies Act 2006 and the relevant tax compliance regulations
  - Those that relate to the operational activities of the Company as a care provider being compliance with The Care Quality Commission (Registration Requirements) Regulations 2009 and data protection.
- We enquired of management whether there were any instances of noncompliance with laws and regulations or whether they had any knowledge of actual, suspected fraud. We corroborated the results of our enquiries to supporting documentation such as board minute reviews. From the procedures performed we did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - evaluation of the processes and controls established to address the risks related to irregularities and fraud;
  - testing journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
  - identifying and testing related party transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed noncompliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the client operates in and understanding of, and practical experience through training and participation with audit engagements of a similar nature.

- In assessing the potential risks of material misstatement, we obtained an understanding of: the Company's operations, including the nature of its revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement and the Company's control environment including the adequacy of procedures for authorisation of transactions.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Michael Lowe
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date: 27/1/2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 MARCH 2022

	Note	2022 £	*2021* *£*
Turnover	4	**13,851,280**	*13,331,329*
Cost of sales		**(8,776,689)**	*(8,771,088)*
Gross profit		**5,074,591**	*4,560,241*
Administrative expenses		**(4,310,987)**	*(3,489,498)*
Other operating income	5	**256,744**	*444,095*
Operating profit	6	**1,020,348**	*1,514,838*
Tax on profit	10	**(357,351)**	*628,673*
Profit for the financial year		**662,997**	*2,143,511*
Other comprehensive income for the year			
Deferred tax on revaluation		**(89,878)**	-
Gain on property revaluation		**2,179,526**	-
		2,089,648	-
Total comprehensive income for the year		**2,752,645**	*2,143,511*

The above results were derived from continuing operations.

The notes on pages 13 to 29 form part of these financial statements.

SHELTON CARE LIMITED
REGISTERED NUMBER:03066903

BALANCE SHEET
AS AT 30 MARCH 2022

	Note		2022 £		2021 £
Fixed assets					
Tangible assets	12		**7,134,494**		*5,260,213*
Investments	13		**-**		*200*
			7,134,494		*5,260,413*
Current assets					
Debtors	14	**8,798,159**		*6,754,918*	
Cash at bank and in hand	15	**575,099**		*906,369*	
		9,373,258		*7,661,287*	
Creditors: amounts falling due within one year	16	**(3,415,027)**		*(2,870,024)*	
Net current assets			**5,958,231**		*4,791,263*
Total assets less current liabilities			**13,092,725**		*10,051,676*
Provisions for liabilities					
Deferred tax	17	**(939,548)**		*(651,144)*	
			(939,548)		*(651,144)*
Net assets			**12,153,177**		*9,400,532*
Capital and reserves					
Called up share capital	18		**200**		*200*
Revaluation reserve	19		**3,384,204**		*1,361,539*
Capital redemption reserve	19		**30,000**		*30,000*
Profit and loss account	19		**8,738,773**		*8,008,793*
			12,153,177		*9,400,532*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
27/1/2023

David Rowe-Bewick

D Rowe-Bewick
Director

The notes on pages 13 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 MARCH 2022

	Called up share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 March 2020	**200**	**30,000**	**1,401,758**	**5,825,063**	**7,257,021**
Comprehensive income for the year					
Profit and total comprehensive income for the year	-	-	-	2,143,511	2,143,511
Transfer between reserves	-	-	(40,219)	40,219	-
At 31 March 2021	**200**	**30,000**	**1,361,539**	**8,008,793**	**9,400,532**
Profit and total comprehensive income for the year	-	-	-	662,997	662,997
Gain on property revaluation	-	-	2,179,526	-	2,179,526
Deferred tax on revaluation	-	-	(89,878)	-	(89,878)
Transfer between reserves	-	-	(66,983)	66,983	-
At 30 March 2022	**200**	**30,000**	**3,384,204**	**8,738,773**	**12,153,177**

The notes on pages 13 to 29 form part of these financial statements.

1. General information

Shelton Care Limited is a private company limited by shares, incorporated in England and Wales. Its registered head office is located at Suite 22 The Globe Centre, St. James Square, Accrington, BB5 0RE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest (£) except when otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of National Care Group Holdings Limited as at 30th March 2022 and these financial statements may be obtained from Companies House.

2. Accounting policies (continued)

2.3 Going concern

In the annual review of the Company's status as a going concern, the Directors have considered the ongoing impacts of the COVID-19 pandemic. During the pandemic, the Government provided additional assistance to the Care Sector to ensure continuity of service, this support was materially withdrawn at the end of March-22. The Company continues to incur additional costs in relation to lasting effects of COVID-19 on the Care Sector in the form of additional cleaning and PPE, and in particular, the widely publicised impact of recruitment leading to increased agency costs. However, the Directors have prepared and assessed future forecasts based on receiving no further funding and do not consider there to be any present risk to the going concern status of the Company.

The Company has obtained a letter of support from its ultimate parent company National Care Group Holdings Limited stating its intention to provide any necessary support for the 12 months from signing in order to meet any financial liabilities as they arise.

2.4 Turnover

Turnover represents consideration received in respect of the provision of care, support and educational services to people we support. Revenue is recognised in respect of contracted and delivered services provided within the relevant period in accordance with contracted terms. Revenue invoiced in advance of the relevant period is included within deferred income until the recognition criteria are met. Revenue recognised in relation to the relevant period, but not yet invoiced is included within accrued income.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	-	3	years straight line

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold land and buildings	- 2% straight line
Leasehold land and buildings	- 5% straight line
Motor vehicles	- 33% reducing balance
Fixtures and fittings	- Over 3-5 years straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. Accounting policies (continued)

2.8 Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the Profit and Loss Account.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.10 Financial instruments

The Company has elected to apply the provision of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets. which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value or the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially al transaction price and subsequently measured at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Employee benefits

The cost of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.18 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources, The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Freehold land and buildings
Freehold land and buildings are valued at each balance sheet date at fair value. Fair value is ascertained through review of a number of factors and information flows, including market knowledge, recent market movements, historical experience and rent levels. There is an inevitable degree of judgement involved and value can only be reliably tested ultimately in the market itself.

The Directors have assessed that there are no other significant accounting estimates or assumptions that require disclosing in these financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	*2021* *£*
Care services	**11,953,721**	*11,563,156*
Educational services	**1,897,559**	*1,768,173*
	13,851,280	*13,331,329*

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

5. Other operating income

	2022 £	*2021* *£*
Government grants receivable	**254,469**	*437,261*
Net rents receivable	**2,275**	*3,900*
Miscellaneous income	**-**	*2,934*
	256,744	*444,095*

6. Operating profit

Operating profit for the year is stated after charging:

	2022 £	*2021* *£*
Depreciation of owned tangible fixed assets	**213,199**	*238,393*
Loss on disposal of tangible fixed assets	**80,132**	*9,151*
Operating lease charges	**528,104**	*579,492*

7. Auditor's remuneration

The audit fees of £30k *(2021: £20k, predecessor auditor)* are borne by its intermediate parent company, National Care Group Ltd.

8. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	**8,133,059**	*8,186,770*
Social security costs	**468,758**	*451,623*
Cost of defined contribution scheme	**121,592**	*136,067*
	8,723,409	*8,774,460*

The average monthly number of persons, including the Directors, employed by the Company during the year was:

	2022 No.	2021 No.
Care	**423**	*483*
Office and management	**30**	*38*
	453	*521*

9. Directors' remuneration

The Directors' remuneration is borne by its intermediate parent company, National Care Group Ltd.

10. Taxation

	2022 £	*2021 £*
Current tax		
UK corporation tax on profits for the current period	**148,983**	*231,534*
Adjustments in respect of prior periods	**-**	*(999,592)*
Total current tax	**148,983**	*(768,058)*
Deferred tax		
Origination and reversal of timing differences	**72,753**	*31,613*
Effect of changes in tax rates	**135,615**	*107,772*
Total deferred tax	**208,368**	*139,385*
Total tax (credit)/charge	**357,351**	*(628,673)*

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2021: lower than)* the standard rate of corporation tax in the UK of 19% *(2021: 19.00%)*. The differences are explained below:

	2022 £	*2021 £*
Profit on ordinary activities before tax	**1,020,348**	*1,514,838*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2021: 19.00%)*	**193,866**	*287,819*
Effects of:		
Adjustment in respect of prior years	**(24,442)**	*25,288*
Group relief	**(31,461)**	*(891,820)*
Gains/rollover relief	**56,190**	*(98,763)*
Tax rate changes	**135,614**	*48,803*
Expenses not deductible	**33,888**	*-*
Income not taxable	**(6,304)**	*-*
Taxation (credit)/charge for the year	**357,351**	*(628,673)*

10. Taxation (continued)

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000, with companies earning annual taxable profits of £50,000 or less continuing to pay corporation tax at 19%, with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes were substantively enacted prior to the Statement of Financial Position date and therefore adjustment has been made to deferred taxation balances to account for this change.

11. Intangible assets

	Software £
Cost	
At 31 March 2021	**7,860**
At 30 March 2022	**7,860**
Amortisation	
At 31 March 2021	**7,860**
At 30 March 2022	**7,860**
Net book value	
At 30 March 2022	**-**
At 30 March 2021	-

12. Tangible fixed assets

	Freehold land and buildings £	*Leasehold* land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 31 March 2021	**5,592,523**	**264,599**	**898,944**	**68,937**	**6,825,003**
Additions	**99,298**	**126,831**	**78,375**	**-**	**304,504**
Disposals	**(420,000)**	**-**	**-**	**-**	**(420,000)**
Revaluation	**1,338,180**	**-**	**-**	**-**	**1,338,180**
At 30 March 2022	**6,610,001**	**391,430**	**977,319**	**68,937**	**8,047,687**
Depreciation					
At 31 March 2021	**759,393**	**87,656**	**661,922**	**55,819**	**1,564,790**
Depreciation charged in the year	**112,094**	**13,123**	**84,251**	**3,731**	**213,199**
Eliminated in respect of disposals	**(23,450)**	**-**	**-**	**-**	**(23,450)**
Reversal of historical depreciation post revaluation	**(841,346)**	**-**	**-**	**-**	**(841,346)**
At 30 March 2022	**6,691**	**100,779**	**746,173**	**59,550**	**913,193**
Net book value					
At 30 March 2022	**6,603,310**	**290,651**	**231,146**	**9,387**	**7,134,494**
At 30 March 2021	*4,833,130*	*176,943*	*237,022*	*13,118*	*5,260,213*

Freehold property was revalued on 31 December 2021 by Avison Young, an external valuer not connected with the Company. The valuation was made on an open market, existing use basis.

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

	2022 £	*2021* £
Cost	**3,308,449**	*3,629,151*
Accumulated depreciation	**(985,011)**	*(896,367)*
Net book value	**2,323,438**	*2,732,784*

13. Fixed asset investments

	Investments in subsidiary companies £
At 31 March 2021	200
Disposals	(200)
At 30 March 2022	-

The dormant subsidiaries, Regent College Limited and Richmond Care Homes Limited were dissolved during the year.

14. Debtors

	2022 £	*2021 £*
Amounts falling due within one year:		
Trade debtors	**2,656,816**	*1,406,833*
Amounts owed by group undertakings	**5,893,398**	*5,021,080*
Other debtors	**147,676**	*132,677*
Prepayments and accrued income	**100,269**	*184,486*
Deferred tax asset (note 17)	**-**	*9,842*
	8,798,159	*6,754,918*

15. Cash and cash equivalents

	2022 £	*2021 £*
Cash at bank and in hand	**575,099**	*906,369*

16. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	**384,692**	*507,597*
Amounts owed to group undertakings	**58,917**	*65,044*
Corporation tax	**540,220**	*391,237*
Other taxation and social security	**255,008**	*198,590*
Other creditors	**760,626**	*789,700*
Accruals and deferred income	**1,415,564**	*917,856*
	3,415,027	*2,870,024*

17. Deferred taxation

	2022 £	2021 £
Movements in the year:		
At beginning of year	**(641,302)**	*(501,916)*
Charged to profit or loss	**(208,368)**	*(139,386)*
Deferred tax charge to other comprehensive income	**(89,878)**	-
At end of year	**(939,548)**	*(641,302)*

The deferred tax balance is made up as follows:

	2022 £	2021 £
Balances:		
Accelerated capital allowances	**(942,065)**	*(326,771)*
Revaluations	**-**	*(275,570)*
Short term differences	**2,517**	*(38,961)*
	(939,548)	*(641,302)*

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances and tax losses that are expected to mature within the same period.

18. Share capital

	2022	*2021*
	£	*£*
Allotted, called up and fully paid		
125 *(2021: 125)* Ordinary B shares of £1.00 each	**125**	*125*
50 *(2021: 50)* Ordinary C shares of £1.00 each	**50**	*50*
25 *(2021: 25)* Ordinary D shares of £1.00 each	**25**	*25*
	200	*200*

B, C and D ordinary shares have the right to dividends and distributions, rights to exit proceeds and right to vote.

19. Reserves

Revaluation reserve

Includes all current and prior periods revaluation surpluses and deficits in relation to freehold property.

Capital redemption reserve

A non-distributable reserve, following the redemption or purchase of the Company's own shares.

Profit and loss account

Includes all current & prior periods retained profits & losses.

20. Financial commitments, guarantees and contingent liabilities

The Company has provided a security to AIB Group (UK) PLC on behalf of its intermediate parent company, National Care Group Ltd, for its liabilities of £20,930,750 *(2021: £17,312,750)* by way of fixed and floating charges over the assets of the Company.

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £121,592 *(2021: £136,067)*. Contributions totalling £286,138 *(2021: £280,812)* were payable to the fund at the balance sheet date and are included in creditors.

22. Commitments under operating leases

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	*2021*
	£	*£*
Within one year	**127,451**	*32,581*
Between two and five years	**273,856**	*10,188*
	401,307	*42,769*

During the year the Company renegotiated and entered into long term leases for a number of properties for which the existing lease was due to end.

23. Related party transactions

The company has taken advantage of the exemption conferred by FRS102 not to disclose transactions with entities where 100% of the voting rights are controlled within the group.

24. Ultimate controlling party

The immediate parent company is Shelton Care Holdings Limited and the ultimate parent company is National Care Group Holdings Limited, both companies are registered in England and Wales, and controlled by the Directors.

National Care Group Holdings Limited prepares group financial statements and copies can be obtained from Companies House.