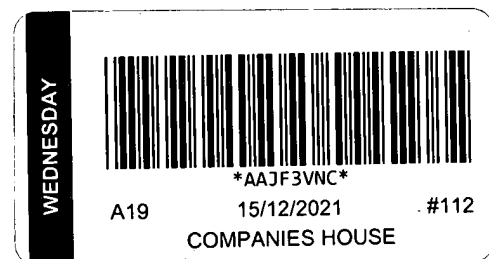


Registration Number: 04328015

Choice Holdings Limited
Annual Report and Financial Statements
For the year ended 31 March 2021



Choice Holdings Limited

Annual Report and Financial Statements For the year ended 31 March 2021

Contents	Page
Directors and advisers	1
Strategic report	2
Directors' report	4
Statement of directors' responsibilities in respect of the Annual Report and the Financial Statements	6
Independent auditor's report to the members of Choice Holdings Limited	7
Financial statements	
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

Choice Holdings Limited

Directors and advisers For the year ended 31 March 2021

Directors

V. Michie
B. Taberner
G. Williams

Independent auditor

KPMG LLP
Chartered Accountants and Statutory Auditor
Regus, 4th Floor
Salt Quay House
6 North East Quay
Plymouth
PL4 0HP

Registered office

Linden House
Lime Walk
Bagshot Road
Bracknell
Berkshire
RG12 9DY

Solicitor

Acuity Law
3 Assembly Square
Britannia Quay
Cardiff
CF10 4PL

Banker

National Westminster Bank Plc
250 Bishopsgate
London
EC2M 4AA

Choice Holdings Limited

Strategic report (continued) For the year ended 31 March 2021

The directors present their strategic report for the year ended 31 March 2021.

Review of the business

The company principally acts as a holding company.

Results and dividends

The results for the company which are set out in the statement of comprehensive income on page 10, show an operating loss for the year of £199,985 (2020: £107,716).

On 16 December 2020, the company acquired Inspiration Care Limited, a company which operates one 5-bed registered care home and, one 6-bed registered care home for people living with learning disabilities and a range of supported living provision.

The directors do not recommend a payment of a dividend (2020: £nil).

Future developments

The company does not trade and its principal activity is that of a holding company. The directors do not believe that the ongoing Covid-19 pandemic will change these activities in the future.

Covid-19

In 2020, the group of companies headed by iChoice Health Limited, moved quickly to implement new business continuity plans and to introduce enhanced pandemic policies and procedures. The group locked down early, moved quickly to secure PPE, bought private tests to ensure that any new service users moving in did not transmit the virus to others and implemented enhanced infection control practices. These actions, alongside the early adoption of virtual working practices (Microsoft Teams) for the operational and central support services, meant that the group's high quality of care could be maintained and the negative impact on occupancy levels was limited as far as possible.

The group ensured that its services were able to operate as safely as possible, ensuring that key stakeholders were kept informed at all times. Where outbreaks were identified, measures were put in place to reduce the risk of infection to other service users. The group's services have been able to operate at safe levels during the pandemic despite varying levels of staff sickness.

Since the start of the pandemic, the group's staff members have taken forward thinking and decisive action to keep the people that the company supports as safe as possible. The efforts of staff members have been outstanding and whilst the death of a very small number of service users from suspected or confirmed Covid-19 is very sad, it is important to note that the levels suffered by the group were below the national average Covid-19 death rate. None of the group's c.2,000 staff have died due to Covid-19. Despite all of the efforts outlined above, there has been an impact on the group's revenue due to the pandemic but the group's referrals pipeline has strengthened significantly since the year end.

The group received additional funding from local authorities to help address the additional costs associated with Covid-19.

Choice Holdings Limited

Strategic report (continued)

For the year ended 31 March 2021

Principal risks and uncertainties

The management of the business and the implementation of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are managed at group level and are considered to relate to: ongoing management of the impacts of Covid-19; the continued provision of adequate government funding; the ability of the group to continue to control cost inflation so that it does not exceed fee increases received; returning to a high mature occupancy; the ability to recruit and retain high quality staff members; the ongoing compliance with current and future legislation affecting the sector to ensure high standards of care and a strong reputation is maintained; and the opportunity to secure suitable new properties to enable continued growth in the total number of available beds.

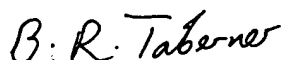
Management have policies and procedures in place to help ensure compliance with legislation and the provision of high standards of care. Compliance with these policies is reviewed by management who are supported by operations and quality teams that make frequent home visits and inspections. The group has a dedicated property team focussed on both finding and securing suitable new properties, as well as maximising the potential of existing properties owned by the group.

Robust financial management remains at the heart of the group. Management continues to maintain strong relationships with its customers to ensure that the group is paid fairly for the services it provides, whilst maintaining a key focus on costs to ensure the business continues to operate efficiently and provide good value for money.

Key performance indicators

Given the straightforward nature of the company's business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or the position of the business.

By order of the Board



B. Taberner

Director

13 December 2021

Linden House, Lime Walk, Bagshot Road, Bracknell, RG12 9DY

Choice Holdings Limited

Directors' Report For the year ended 31 March 2021

The directors present their report and the audited financial statements for the period ended 31 March 2021.

Directors

The directors who held office during the year and as at the date of approval of these financial statements, unless otherwise stated, are given below:

J. Green (resigned on 20 October 2020)
E. Johnston (resigned on 31 August 2020)
V. Michie (appointed on 31 August 2020)
B. Taberner (appointed on 29 April 2021)
G. Williams

Qualifying third party indemnity provisions

The company maintains qualifying third party liability insurance for its directors and officers. This insurance was in place for the full financial period and remains in force at the date of approval of these financial statements.

Financial risk management

The wider group is exposed to certain financial risks, principally interest rate risk and liquidity risk. Financial risk is managed at a group level and full disclosure is included in the accounts of the parent company of the group, iChoice Health Limited.

Going concern

The company principally acts as a holding company and it does not conduct any trade. Its activity is limited to charging and accruing interest on intercompany balances as well as incurring small external expenditure such as bank charges. The company holds investments (directly and indirectly) in a number of intermediate holding companies as well as the group's trading subsidiaries, Community Homes of Intensive Care and Education Limited and Inspiration Care Limited, which provide to adults with learning disabilities and mental health disorders.

Notwithstanding net current liabilities of £6,928,152 as at 31 March 2021 (2019: £5,121,668) and a net loss for the year then ended of £313,542 (2020: £222,207), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts through to March 2023 which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its intermediate parent company, iChoice Health Limited, to meet its liabilities as they fall due for that period.

The company's going concern status is dependent upon that of the wider group. The group continues to monitor the impact of Covid-19 and has prepared a detailed budget which reflects the impact that Covid-19 has had on the business, in particular lower initial occupancy. A business plan has also been prepared which comprises both the existing business, assuming no additional growth in capacity, and further growth. Both the budget and the longer term business plan demonstrate that sufficient headroom exists to support a severe but plausible downside scenario resulting from reduced occupancy and increased staff costs. The group is cash generative, with significant cash reserves, but if revenues were to fall by more than the headroom available in the business plan, maintenance capital expenditure could be reduced accordingly thereby improving both available cash and covenant compliance.

Choice Holdings Limited

Directors' Report (continued) For the year ended 31 March 2021

Going concern (continued)

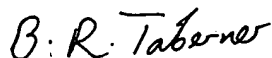
Those forecasts are dependent on iChoice Health Limited and its subsidiaries not seeking repayment of the amounts currently due to the group, which at 31 March 2021 amounted to £34,271,560 (2020: £32,758,053), and providing additional financial support during the budget. iChoice Health Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have the resources to continue to meet its obligations as they fall due to continue in operational existence for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



B. Taberner
Director
13 December 2021
Linden House, Lime Walk, Bagshot Road, Bracknell, RG12 9DY

Choice Holdings Limited

Statement of directors' responsibilities in respect of the Annual Report and the Financial Statements For the year ended 31 March 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Choice Holdings Limited

Opinion

We have audited the financial statements of Choice Holdings Limited ("the company") for the year ended 31 March 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

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 loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the company's policies and procedures to prevent and detect fraud that apply to this company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

Independent auditor's report to the members of Choice Holdings Limited (continued)

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006

Independent auditor's report to the members of Choice Holdings Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Andrew Gordon (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Regus, Salt Quay House
Plymouth
13 December 2021

Choice Holdings Limited

Statement of comprehensive income For the year ended 31 March 2021

		Year ended 31-Mar-21	Year ended 31-Mar-20
	Note	£	£
Administrative expenses		(199,985)	(107,716)
Operating loss	4	(199,985)	(107,716)
Finance income	7	678,328	657,605
Finance costs	7	(818,952)	(794,546)
Loss before tax		(340,609)	(244,657)
Tax credit	8	27,067	22,450
Loss for the year		(313,542)	(222,207)
Other comprehensive income		-	-
Total comprehensive loss for the year		(313,542)	(222,207)

The results for the above years relate to continuing operations.

The accompanying notes on pages 13 to 20 form an integral part of these financial statements.

Choice Holdings Limited

Balance sheet As at 31 March 2021

	Note	2021 £	2020 £
ASSETS			
Fixed assets			
Investment in subsidiaries	9	12,539,554	11,046,612
Intangible assets	10	4,223,247	4,223,247
Total non-current assets		16,762,801	15,269,859
Current assets			
Trade and other receivables	11	26,437,679	27,635,401
Cash and cash equivalents		905,729	984
Total current assets		27,343,408	27,636,385
TOTAL ASSETS		44,106,209	42,906,244
LIABILITIES			
Current liabilities			
Trade and other payables	12	34,271,560	32,758,053
Total current liabilities		34,271,560	32,758,053
TOTAL LIABILITIES		34,271,560	32,758,053
EQUITY			
Called up share capital	13	168,556	168,556
Share premium		8,149,778	8,149,778
Retained Earnings		1,512,875	1,826,417
Other reserves		3,440	3,440
TOTAL EQUITY		9,834,649	10,148,191
TOTAL EQUITY AND LIABILITIES		44,106,209	42,906,244

The accompanying notes on pages 13 to 20 form an integral part of these financial statements.

The financial statements were approved by the board of directors on 13 December 2021 and were signed on its behalf by:

B. R. Taberner

B. Taberner
Director
13 December 2021

Choice Holdings Limited
Registered number: 04328015

Choice Holdings Limited

Statement of changes in equity For the year ended 31 March 2021

	Retained Earnings	Share Capital	Share premium	Other reserves	Total shareholder's equity
	£	£	£	£	£
At 1 April 2020	1,826,417	168,556	8,149,778	3,440	10,148,191
Comprehensive loss for the year	(313,542)	-	-	-	(313,542)
At 31 March 2021	1,512,875	168,556	8,149,778	3,440	9,834,649

	Retained Earnings	Share Capital	Share premium	Other reserves	Total shareholder's equity
	£	£	£	£	£
At 1 April 2019	2,048,624	168,556	8,149,778	3,440	10,370,398
Comprehensive loss for the year	(222,207)	-	-	-	(222,207)
At 31 March 2020	1,826,417	168,556	8,149,778	3,440	10,148,191

The accompanying notes on pages 13 to 20 form an integral part of these financial statements.

Choice Holdings Limited

Notes to the financial statements For the year ended 31 March 2021

1 General Information

Choice Holdings Limited is a Company incorporated and domiciled in England and Wales with registered number 04328015. The principal activity of the company is that of a holding company for the group.

2 Summary of significant accounting policies

Basis of preparation

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards.

The financial statements have been prepared under the historical cost convention, incorporating the true and fair override provisions of the Companies Act 2006 in respect of goodwill on hive up as set out below and in accordance with applicable United Kingdom Accounting Standards. A summary of the more important accounting policies is set out below.

The company is a qualifying entity for the purposes of FRS 101. Note 15 gives details of the company's ultimate parent entity.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of iChoice Health 3 Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The company's financial statements are presented in British pounds and all values are rounded to the nearest pound except when otherwise indicated.

Choice Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

2 Summary of significant accounting policies (continued)

Going Concern

The company principally acts as a holding company and it does not conduct any trade. Its activity is limited to charging and accruing interest on intercompany balances as well as incurring small external expenditure such as bank charges. The company holds investments (directly and indirectly) in a number of intermediate holding companies as well as the groups trading subsidiaries, Community Homes of Intensive Care and Education Limited and Inspiration Care Limited, which provide care to adults with learning disabilities and mental health disorders.

Notwithstanding net current liabilities of £6,928,152 as at 31 March 2021 (2019: £5,121,668) and a net loss for the year then ended of £313,542 (2020: £222,207), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company's going concern status is dependent upon that of the wider group. The group continues to monitor the impact of Covid-19 and has prepared a detailed budget which reflects the impact that Covid-19 has had on the business, in particular lower initial occupancy. A business plan has also been prepared which comprises both the existing business, assuming no additional growth in capacity, and further growth. Both the budget and the longer term business plan demonstrate that sufficient headroom exists to support a severe but plausible downside scenario resulting from reduced occupancy and increased staff costs. The group is cash generative, with significant cash reserves, but if revenues were to fall by more than the headroom available in the business plan, maintenance capital expenditure could be reduced accordingly thereby improving both available cash and covenant compliance.

Those forecasts are dependent on iChoice Health Limited and its subsidiaries not seeking repayment of the amounts currently due to the group, which at 31 March 2021 amounted to £33,577,006 (2020: £32,758,053), and providing additional financial support during the budget. iChoice Health Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have the resources to continue to meet its obligations as they fall due to continue in operational existence for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Investment in subsidiaries

Investment in subsidiaries are held at cost less any provision for impairment.

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Choice Holdings Limited

Notes to the financial statements (continued) For the year ended 31 March 2021

2 Summary of significant accounting policies (continued)

Current and deferred tax (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Goodwill and intangibles assets

Goodwill

Goodwill arises on the acquisition of trade and assets or subsidiaries and represents the excess of the consideration paid over the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Choice Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

3 Critical accounting estimates and judgments

The preparation of financial statements in accordance with FRS 101 requires management to make estimates and judgments that affect reported assets, liabilities, revenues, expenses, gains, losses, and disclosures of contingencies. These estimates and judgements are subject to change based on experience and new information. The only significant estimate made in the preparation of these financial statement areas relates to the consideration of impairment over investments. This requires judgement over the future cash flows of subsidiaries in the evaluation of their value in use.

Goodwill and intangibles assets

Goodwill is not subject to a regular amortisation charge and is instead tested annually to determine whether any impairment has arisen. This is completed by calculating the recoverable amount of cash-generating units based on value in use and/or fair value. The value in use calculations require the use of estimates and judgements to calculate expected cash flows. Management makes assumptions including, but not limited to, the discount rate to be applied, and revenue growth rates in calculating expected cash flows. A significant change in these facts and circumstances may have a material impact on the carrying value of goodwill.

4 Operating loss

Audit costs in the current and preceding year for the company are incurred by Community Homes of Intensive Care and Education Limited (Registration number 02704854), Inspiration Care Limited (Registration number 06287676), Choice Holdings Limited's subsidiary trading entities. The directors estimate audit fees of £2,500 (2020: £2,500) would be charged had a recharge been made.

5 Directors' emoluments

None of the directors received remuneration or contributions to pension schemes from the company in respect of their services for the year.

The emoluments of the directors are paid by other companies within the group. The services provided to this company are of a non-executive nature and the emoluments are deemed to be wholly attributable to their services to other entities within the group. As such the remuneration in respect of their services to the company is £nil (2020: £nil).

6 Employee information

No persons are employed directly by the company (2020: no employees).

Choice Holdings Limited

Notes to the financial statements (continued) For the year ended 31 March 2021

7 Finance income and expenses

	Year ended 31-Mar-21	Year ended 31-Mar-20
	£	£
Interest receivable from group undertakings	678,328	657,605
Total finance income	678,328	657,605
Interest payable to group undertakings	818,952	794,546
Total finance costs	818,952	794,546

8 Taxation

	Year ended 31-Mar-21	Year ended 31-Mar-20
	£	£
Current tax:		
Current tax on loss for the year	(27,067)	(22,450)
Adjustments in respect of prior periods	-	4,380
Tax credit	(27,067)	(18,070)

The tax credit for the year differs from the amount that would be calculated using the standard rate of tax as follows:

	Year ended 31-Mar-21	Year ended 31-Mar-20
	£	£
Loss for the year	(313,542)	(222,207)
Tax credit	(27,067)	(22,450)
Loss before tax	(340,609)	(244,657)
Tax calculated at UK tax rate of 19% (2020: 19%):	(64,716)	(46,485)
Tax effects of:		
- Expenses not deductible for tax purposes	37,649	19,655
- Adjustments in respect of prior periods	-	4,380
Tax credit	(27,067)	(22,450)

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge.

Choice Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

9 Investment in subsidiaries

	£
Cost	
At 1 April 2020	11,046,612
Additions	1,492,942
At 31 March 2021	12,539,554

On 16 December 2020, the company acquired 100% of the issued share capital of Inspiration Care Limited.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

At 31 March 2021 the company has the following principal subsidiaries registered at Linden House, Lime Walk, Bagshot Road, Bracknell, RG12 9DY:

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held	Principal activity
Community Homes of Intensive Care and Education Ltd	UK	£1.00 ordinary	100%	Provision of care
Inspiration Care Ltd	UK	£1.00 ordinary	100%	Provision of care
OEG Holdings Ltd	UK	£0.01 Preferred ordinary Shares	100%	Dormant
Autism Care Wiltshire Ltd	UK	£1.00 ordinary	100%	Dormant
Orchard End Ltd*	UK	£1.00 ordinary	100%	Dormant

*Investment indirectly held.

Choice Holdings Limited

Notes to the financial statements (continued) For the year ended 31 March 2021

10 Intangible assets

	£
Cost	
At 1 April 2020	4,223,247
Additions	-
At 31 March 2021	4,223,247

11 Trade and other receivables

	2021 £	2020 £
Current		
Amounts due from group undertakings	26,437,679	27,635,401
	26,437,679	27,635,401

Amounts due from group undertakings bear interest at a rate of 2.5%, are unsecured and repayable on demand.

12 Trade and other payables

	2021 £	2020 £
Current		
Amounts due to group undertakings	33,577,006	32,758,053
Other creditors	694,554	-
	34,271,560	32,758,053

Amounts due to group undertakings bear interest at a rate of 2.5%, are unsecured and payable on demand.

13 Share capital

	2021 £	2020 £
Authorised:		
12,728,012 (2020: 12,728,012) Preferred Ordinary Shares of 1p each	127,280	127,280
1,857,100 (2020: 1,857,100) 'B' Ordinary Shares of 1p each	18,571	18,571
2,270,484 (2020: 2,270,484) 'C' Ordinary Shares of 1p each	22,705	22,705
Total	168,556	168,556
Allotted, called up and fully paid:		
12,728,012 (2020: 12,728,012) Preferred Ordinary Shares of 1p each	127,280	127,280
1,857,100 (2020: 1,857,100) 'B' Ordinary Shares of 1p each	18,571	18,571
2,270,484 (2020: 2,270,484) 'C' Ordinary Shares of 1p each	22,705	22,705
Total	168,556	168,556

The preferred ordinary shares, B ordinary shares and C ordinary shares rank pari passu as if they constituted one class of shares. The shares have full voting, dividend and capital distribution rights.

Choice Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

14 Acquisitions

On 16 December 2020, the company acquired Inspiration Care Limited for £1,492,942 in cash (of which £600,000 was deferred as at 31 March 2021). The acquired company operates one 5-bed registered care home, one 6-bed registered care home for people living with learning disabilities and a range of supported living provision.

15 Ultimate controlling party

The immediate parent company is Choice Care Group 3 Limited which is a private company incorporated in the United Kingdom. The smallest and largest company to consolidate these financial statements are iChoice Health 3 Limited and iChoice Health Limited which are private companies incorporated in the United Kingdom. A copy of the parent organisation's financial statements can be obtained by writing to iChoice Health Limited, Linden House, Lime Walk, Bagshot Road, Bracknell, Berkshire, RG12 9DY. The ultimate parent undertaking and controlling party iCON Infrastructure Partners IV, L.P., an entity resident in Guernsey with principal place of business at Martello Court, Admiral Park, St. Peter Port, Guernsey, GY1 3HB.

16 Events after the reporting period

Other than disclosed elsewhere in the financial statements, there have been no significant post balance sheet events that impact the financial statements.