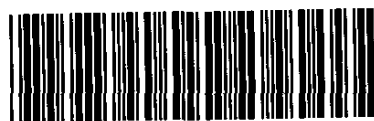


Registered number: 11852187

NATIONAL CARE GROUP HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 MARCH 2023

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NATIONAL CARE GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors

J F Allen
M Cleasby
Prof M L Green
F Lalani
C J Leake
K Lewis
J Mawji
M Hanson
D Rowe-Bewick

Company secretary

J C Hugkulstone

Registered number

11852187

Registered office

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NATIONAL CARE GROUP HOLDINGS LIMITED

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NATIONAL CARE GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 MARCH 2023

Introduction

The Directors are pleased to present the Strategic Report for National Care Group Holdings Limited (NCG) for the year ended 30 March 2023.

Overview

NCG primarily provides specialist care and support to people with learning disabilities, mental health issues and acquired brain injuries in both residential care and supported living settings across England and Wales. Additionally National Care Group provides educational services through a specialist college in the Midlands.

Approach to Quality

NCG considers the delivery of high-quality, person-centered care and support as central to its success. It has a clear vision to be one of the best and most trusted providers in the country and a mission to unlock the potential of the people it supports. As a result of this, NCG has implemented a comprehensive quality assurance framework focused not only on meeting regulatory compliance but also delivering continuous improvement across all of its services.

Supported by a dedicated Quality Team and electronic governance systems, all services are regularly internally audited and monitored. The Board receives regular reports from the Quality Director and, in addition, has established a Risk and Governance Committee, chaired by an independent Board member to enable greater scrutiny of any significant trends that may need to be addressed.

During the year, NCG introduced a new initiative involving the individuals we support who enjoy our services. This initiative is designed to give feedback and influence quality as it is received as well as provided.

NCG publishes an annual Quality Account which is available to all on its website (www.nationalcaregroup.com)

People Strategy

NCG has a strong and compelling vision which is underpinned by a clear set of values shared and owned by all colleagues. The Directors and management are committed to the interests and well-being of the 2,378 colleagues (at 30 March 2023) it employs and also ensuring they have the skills and abilities to support the future success of the organisation and the people it supports.

Recognising NCG is, at its heart, a people organisation and the need to retain colleagues within the organisation, NCG's People Strategy is focused on ensuring its offering to existing and future colleagues is competitive and holistic. To this end comprehensive learning and development opportunities are available to all colleagues and pay is regularly reviewed locally and adjusted in line with market conditions.

A range of additional benefit schemes, including but not limited to, private medical insurance for key management, money saving opportunities for all colleagues and an Organisation-wide wellbeing programme have also been introduced. During the year ending March 2023 the Organisation was pleased to introduce specific initiatives surrounding Menopause and Mental Health.

During the pandemic and unlike other substitutional sectors, demand for high-quality candidates to the social care sector remained undiminished. As pandemic issues subsided and demand from substitute sectors, eg retail, hospitality, etc intensified there was a negative impact on Group staffing levels in terms of attraction and quality. The resulting effect was the increased reliance on agency staff. In response to the domestic market pressures, the Directors have implemented, with significant success, a UK and overseas recruitment sponsorship programme in order to ensure the demands of the Organisation's own people resources can be met. This was implemented towards the latter part of the financial year and therefore had limited financial impact on the current year.

NATIONAL CARE GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 MARCH 2023

To support engagement with colleagues, a national Colleague Forum has been established to enable Directors and colleagues to regularly discuss proposed management initiatives and to gather feedback on issues of concern. This is in addition to regular "Tea And Chats" which are held monthly with colleagues fulfilling similar roles.

Continuing the People Strategy to effectively communicate and inform all colleagues across the organisation, the Board invested and implemented a platform called Engage. This platform has proven extremely effective in sharing positive behaviour, best practice and celebrating success.

The Group-wide colleague satisfaction survey was completed again in 2023 and its findings assessed and actioned where appropriate.

Feedback from all colleagues is encouraged and, in addition to regular supervision and appraisals, colleagues are also able to contact the Chief Executive directly through a dedicated email address should they have any issues of concern they may wish to raise. Outside of this a "Freedom To Speak Up Guardian" scheme and external, confidential whistleblowing helpline are in place to support colleague feedback.

NCG also holds its annual leadership conference ensuring all key colleagues within the organisation are aligned to the Organisation's values and goals as set by the Board.

Directors' statement of compliance with duty to promote the success of the Group

The Directors are required to make a statement which describes how they have behaved with regard to the matters set out in Section 172(1) of the Companies Act 2006, namely:

Duty to promote the success of the Company

- a. the likely consequences of any decision in the long-term.
- b. the interests of the Company's employees.
- c. the need to foster the Company's business relationships with suppliers, customers and others.
- d. the impact of the Company's operations on the community and the environment.
- e. the desirability of the Company maintaining a reputation for high standard of business conduct.
- f. the need to act fairly between members of the Company.

Section 172 Statement

The Directors insist on high operating standards, fiscal discipline and routinely engage with management, people we support, colleagues we employ and stakeholders of the Organisation to understand any underlying issues.

Additionally, the Board looks outside the Organisation at macro factors affecting the business. The Directors review all known factors when developing strategic decisions and long-term plans, considering their likely consequences for the Organisation. The Board's ability to respond to changes in market expectations is enhanced by the establishment of an experienced Executive and Senior Leadership Team with significant sectorial experience in both public and independent sectors.

To be sustainable in the long term, the Organisation understands that high quality, person-centered support is central to service delivery and that robust risk management and governance processes need to be in place.

NCG believes that any relationship must be mutually beneficial and the Organisation is recognised for its commitment to the people it supports and those commissioning its services. We take our responsibility as a major employer in many local communities very seriously and we invest in local community sponsorship opportunities. Members of local management teams attend local partnership Boards and, in this way, communities can contribute to the development of services locally.

NATIONAL CARE GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 MARCH 2023

The Board, individually and collectively, consider that they have acted in the way they consider would be most likely to promote the success of the Company as a whole. In order to do this, there is a process of continual dialogue with stakeholders to understand the issues that they might have.

Business review

The Directors are pleased with the performance of the Group during the period, with increases in turnover and EBITDA from care and educational activities. The Group continues to invest in systems and people required to build a successful, sustainable and scalable business. As such a significant amount is invested in overheads which the Directors are confident will provide benefit to the business in the forthcoming year and beyond.

Principal risks and uncertainties

The principal risks and uncertainties are competition within the local areas to our services, the dependency on revenues from Local Authorities who are facing budget cuts, the provision of substandard care or noncompliance with regulatory requirements and risk of increase in interest rates.

The Group seeks to manage its risk and uncertainty by maintaining the highest levels of care and support provision for the people in its services at all times and by its continued investment in its training and development of its staff and premises.

The Directors are confident that the systems in place will enable the Organisation to continue to function to the standards expected in a post COVID-19 environment.

The Organisation like many other within and outside of the sector does face an increasing risk relating to the recruitment and retention of good quality staff, which has seen an increased reliance on agency staff thereby increasing delivery costs. To mitigate this risk, the Organisation has produced a comprehensive resourcing strategy and has made further investment in its Talent Acquisition Team. As part of this, the Organisation has also invested in several additional well-being initiatives as part of an all-encompassing staff well-being approach.

The Group is exposed to interest rate risk by virtue of its loan facilities which include variable interest. Third party interest rate forecasts are monitored and Group exposure calculated and reviewed. Management will continue to assess both the risk to the Group and whether any further actions are required to mitigate exposure.

Development and performance

In a market with increasing demand for quality care provision, the strategy of the Board is to continue to grow its portfolio both through acquisition and organic growth to meet the necessary needs of the UK's most vulnerable adults. Diversifying its geography across the UK and focusing on supporting people with more complex needs, will be the key aim of the strategy.

At 30 March 2023, NCG consisted of 16 active operating companies providing residential, supported living and various pathway care and support services for 1,250 individuals across England and Wales. The Group also provides educational support for a further 32 learners in its specialist college.

Delivery of such support takes place in any one of our 254 locations where 2,378 colleagues are employed. As part of the Board's strategy to move up the acuity curve, a number of new services were commissioned during the year including specialist services in the South West of England.

As part of the growth strategy, the Board continues to invest heavily in its core compliance functions such as Finance & IT, Learning & Development, HR, Quality and Commercial to ensure best practice and appropriate synergies are achieved across the Group. Whilst this will continue to be a further key objective for the Directors to ensure best value for all stakeholders, further investment will be made in commercial, marketing and property development functions to drive future revenue growth and ensure the NCG proposition is clearly understood in the marketplace.

NATIONAL CARE GROUP HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 MARCH 2023**

The Board has a good relationship with their investors who are supportive of the strategy and work integrally to ensure NCG achieves their strategy defined above.

On 20th April 2023 the Group acquired 100% of the share capital of Nexus-Support Limited for £1,910,330. Nexus-Support Limited is a provider of supported living care based in Essex, further strengthening our presence in the area. For further details see note 31.

Financial key performance indicators

The Directors consider the following to be the key financial performance indicators for the Group:

	FY23	FY22
	(£'000s)	(£'000s)
Turnover	79,026	72,619
Gross Profit	25,239	21,221

The Directors also employ other non-financial key performance indicators such as compliance, training and colleague turnover. However, due to their confidential nature, they have not been disclosed in this report.

Financial risk management objectives and policies

The Group holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and accrued income) arise directly from the Company's operations.

The Group has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

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

David Rowe-Bewick

D Rowe-Bewick
Director

Date: 24/10/2023

NATIONAL CARE GROUP HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 MARCH 2023**

The Directors present their report and the financial statements for the year ended 30 March 2023.

Principal activity

The principal activity of the Group continued to be that of provision of care and support across a wide range of service size and type.

Results and dividends

The results for the year are set out on page 15.

Ordinary interim dividends were paid amounting to £500,000. The Directors do not recommend payment of a further dividend.

Directors

The Directors who served during the year and after the year end were:

J F Allen
M Cleasby
Prof M L Green
F Lalani
C J Leake
K Lewis
J Mawji
M Ranson
D Rowe-Bewick

NATIONAL CARE GROUP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 MARCH 2023

Directors' Responsibilities Statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 Group and 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 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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Group is funded by a combination of debt provided by AIB Bank and regular cash inflows from central and local Government authorities. The Group also has a loan from Global Capital Holdings Limited, the Group has obtained confirmation that this loan will not be recalled for the 12 months from signing.

As part of the Directors' annual review of the Group's going concern position, specific consideration has been given to the current inflationary pressures in the wider market and the ongoing, albeit reducing use of agency due to the lasting impact of the Covid-19 pandemic and Brexit on the sector.

The Directors have prepared and assessed future forecasts for the period to 31 October 2023 based on receiving no further funding and do not consider there to be any present risk to the going concern status of the Group. The Group is well positioned in terms of its non-staff cost benefiting from long term contracts for key costs such as energy costs and rent, thus being well shielded from the current inflationary pressures.

The loan provided by AIB is subject to bank covenants and is secured on the freehold property held by the Group. The Group enjoys a supportive relationship with AIB and has maintained comfortable headroom across all covenants from the beginning of this financial year to the date of this report and is forecast to continue to have headroom until the end of the going concern assessment period.

The forecasts have been stress tested in particular with regard to key assumptions around interest rates, agency use, occupancy rates and other key risk factors. The analysis performed indicates that there are no reasonably plausible scenarios which would lead to a breach of covenants under which the Group operates and therefore supports the conclusion that it is appropriate to prepare the group financial statements on a going concern basis.

NATIONAL CARE GROUP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 MARCH 2023

On 6 October 2023 and subject to finalisation of legal documentation, the original tranche of the loan provided by AIB Bank plc was extended to October 2025 in line with subsequently provided tranches. On 6th April 2023 the Group agreed additional facilities with AIB to fund future growth.

Colleagues

The Group actively operates recruitment policies enabling full and fair consideration to applications for employment that disabled people make. Said policies ensure that those with disabilities are employed, trained, developed and promoted under the same criteria as those not possessing disabilities.

Colleague engagement statement

Outlined in more detail in the Strategic Report above, the Directors consider the sharing and receiving of information with colleagues paramount to its success.

During the year the following initiatives are examples developed and implemented to ensure the continued engagement and inclusion of all colleagues across the Group:

- Enhanced DARE (Develop, Achieve, Reflect, Empower) reviews designed to ensure that the aspirations of colleagues and the organisation are optimised
- Weekly "Tea and Chat" sessions where colleague groups across the organisation can engage directly with Directors offering the opportunity to discuss key issues affecting them and ask questions in relation to the wider Group
- Annual Group-wide colleague satisfaction surveys covering all aspects of colleague experience working with the Group
- Regular newsletters designed to bring together all colleague groups and regions on common topics
- Use of social media is increasingly deployed to ensure corporate messages reach the farthest reaches of the organisation
- Annual conference and awards ceremony designed to share key messages and the future direction of the Group and also an opportunity to celebrate success and those who represent the Group's values.

Statement of engagement with suppliers, customers and others in a business relationship with the Company

The Directors are satisfied that the Group's engagement with all key stakeholders are proactively maintained in line with business need. As an organisation operating in the social care sector the Directors are aware of their duties and responsibilities to all concerned and regularly, through various means, request, receive and action feedback from all relevant stakeholder groups.

Such external stakeholders include (but not limited to) investors, customers, suppliers, commissioners, regulators and families.

Qualifying third party indemnity provisions

There was a qualified third party indemnity policy in place during the year.

Energy and carbon report

Summary of gas emissions, energy consumption and energy efficiency activities in this reporting period:

	2023	2022
	kWh	kWh
Energy consumption		
Aggregate of energy consumption in the year	8,640,417	8,650,500

NATIONAL CARE GROUP HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 MARCH 2023

	2023 metric tonnes	<i>2022</i> <i>metric tonnes</i>
Emissions of CO2 equivalent		
Scope 1 - direct emissions		
- Gas combustion	1,385,941	1,339,789
- Fuel consumed for owned transport	-	-
	1,385,941	1,399,789
Scope 2 - indirect emissions		
- Electricity purchased	1,905,668	1,924,710
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the	293	308
Total gross emissions	3,291,902	3,324,812
Intensity ratio		
Tonnes CO2e per bed	7,591	7,591

Quantification and reporting methodology

The Group has followed the 2019 HM Government Environmental Reporting Guidelines and the 2022 Greenhouse Gas Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per Bed, the recommended ratio for the care home sector.

Measures taken to improve energy efficiency

As a socially responsible provider, National Care Group aims to utilise energy in an efficient manner utilising technologies such as woodchip boilers, water temperature monitoring and LED lighting and video conferencing wherever possible.

The above said, year ending 30 March 2023, presented many challenges in terms of energy usage due to the pandemic, Government legislation surrounding residents in care homes and the extended periods of time the people we support remained in service. This inevitably increased our energy consumption.

Offsetting the above increase however were some reductions from reduced travel and a greater adoption of video conferencing.

Disclosure of information to auditors

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company and the Group's auditors are 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 and the Group's auditors are aware of that information.

NATIONAL CARE GROUP HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 MARCH 2023**

Auditors

The auditors, 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: 24/10/2023



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL CARE GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of National Care Group Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 March 2023, which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and Company 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 Group's and of the parent Company's affairs as at 30 March 2023 and of the Group's 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 Group and the parent 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 Group's and of the parent 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 Group and the parent Company to cease to continue as a going concern.

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



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL CARE GROUP HOLDINGS LIMITED (CONTINUED)

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. The Directors are responsible for the other information contained within the Annual Report. 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.

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 themselves. 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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL CARE GROUP HOLDINGS LIMITED (CONTINUED)

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

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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

As explained more fully in the Directors' Responsibilities 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, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL CARE GROUP HOLDINGS LIMITED (CONTINUED)

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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 group and parent 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 companies in the group as care providers being compliance with The Care Quality Commission (Registration Requirements) Regulations 2009 and data protection.
- We enquired of management whether there were any instances of non-compliance 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 group and parent 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.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL CARE GROUP HOLDINGS
LIMITED (CONTINUED)**

- 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 group and parent 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 group and parent company's control environment including the adequacy of procedures for authorisation of transactions.

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 Auditors' Report.

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 Auditors' 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: 25/10/2023

NATIONAL CARE GROUP HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 MARCH 2023**

	Note	2023 £	2022 £
Turnover	4	79,020,921	72,619,066
Cost of sales		(53,787,217)	(51,398,428)
Gross profit		25,233,704	21,220,638
Administrative expenses		(23,664,624)	(21,382,532)
Other operating income	5	244,770	2,721,818
Profit/(loss) on disposal of properties		(106,994)	(256,734)
Operating profit	6	1,706,856	2,303,190
Interest payable and similar expenses	10	(1,114,196)	(826,985)
Profit before tax		592,660	1,476,205
Tax on profit	11	(594,356)	(3,565,600)
Loss for the financial year		(1,696)	(2,089,395)
Loss for the year attributable to:			
Owners of the parent		(1,696)	(2,089,395)
		(1,696)	(2,089,395)

All results were derived from the Group's continuing operations.

There were no recognised gains and losses for 2023 or 2022 other than those included in the Consolidated Profit and Loss Account.

The notes on pages 23 to 50 form part of these financial statements.

NATIONAL CARE GROUP HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 MARCH 2023**

	2023	2022
	£	£
Loss for the financial year	(1,696)	(2,089,395)
Other comprehensive income		
Revaluation of tangible fixed assets	822,192	5,219,690
Reversal of historic depreciation	501,467	2,915,812
Tax relating to other comprehensive income	(1,652,078)	(956,676)
	(328,419)	7,178,826
Total comprehensive income for the year	(330,115)	5,089,431
Loss for the year attributable to:		
Owners of the parent Company	(1,696)	(2,089,395)
	(1,696)	(2,089,395)
Total comprehensive income attributable to:		
Owners of the parent Company	(330,115)	5,089,431
	(330,115)	5,089,431

The notes on pages 23 to 50 form part of these financial statements.

NATIONAL CARE GROUP HOLDINGS LIMITED
REGISTERED NUMBER:11852187

CONSOLIDATED BALANCE SHEET
AS AT 30 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	13	27,225,458	29,570,294
Negative goodwill	13	(4,365,192)	(5,152,106)
Tangible assets	14	54,102,673	53,765,793
		<u>77,262,939</u>	<u>78,183,981</u>
Current assets			
Debtors: amounts falling due within one year	16	10,441,288	10,219,041
Cash at bank and in hand	17	3,733,760	2,861,763
		<u>14,175,048</u>	<u>13,080,804</u>
Creditors: amounts falling due within one year	18	(29,928,831)	(29,125,188)
Net current liabilities		(15,753,783)	(16,044,384)
Total assets less current liabilities		61,509,156	62,139,597
Creditors: amounts falling due after more than one year	19	(17,743,033)	(19,426,057)
Provisions for liabilities			
Deferred tax	22	(12,736,842)	(10,854,144)
		<u>(12,736,842)</u>	<u>(10,854,144)</u>
Net assets		<u>31,029,281</u>	<u>31,859,396</u>
Capital and reserves			
Called up share capital	23	10,000,000	10,000,000
Revaluation reserve	24	22,282,453	22,733,214
Profit and loss account	24	(1,253,172)	(873,818)
Equity attributable to owners of the parent Company		<u>31,029,281</u>	<u>31,859,396</u>

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

David Rowe-Bewick

D Rowe-Bewick
 Director 24/10/2023

The notes on pages 23 to 50 form part of these financial statements.

NATIONAL CARE GROUP HOLDINGS LIMITED
REGISTERED NUMBER: 11852187

COMPANY BALANCE SHEET
AS AT 30 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	15	10,000,000	10,000,000
Current assets			
Debtors: amounts falling due within one year	16	787,997	788,062
Cash at bank and in hand	17	65	-
Creditors: amounts falling due within one year	18	(788,062)	(788,062)
Net current assets		-	-
Net assets		<u>10,000,000</u>	<u>10,000,000</u>
Capital and reserves			
Called up share capital	23	10,000,000	10,000,000
Profit and loss account brought forward		-	(30)
Profit for the year		500,000	500,062
Other changes in the profit and loss account		(500,000)	(500,032)
Profit and loss account carried forward		-	-
		<u>10,000,000</u>	<u>10,000,000</u>

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £500,000 (2022: profit £500,062).

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

David Rowe-Bewick

D Rowe-Bewick
 Director 24/10/2023

The notes on pages 23 to 50 form part of these financial statements.

NATIONAL CARE GROUP HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 MARCH 2023**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 March 2021	10,000,000	15,475,927	1,794,070	27,269,997
Comprehensive income for the year				
Loss for the year	-	-	(2,089,395)	(2,089,395)
Surplus on revaluation of freehold property	-	5,219,690	-	5,219,690
Reversal of historic depreciation	-	2,915,812	-	2,915,812
Tax relating to other comprehensive income	-	(956,676)	-	(956,676)
Total comprehensive income for the year	-	7,178,826	(2,089,395)	5,089,431
Dividends: Equity capital (Note 12)	-	-	(500,032)	(500,032)
Transfer to/from profit and loss account	-	78,461	(78,461)	-
Total transactions with owners	-	78,461	(578,493)	(500,032)
At 31 March 2022	10,000,000	22,733,214	(873,818)	31,859,396
Comprehensive income for the year				
Loss for the year	-	-	(1,696)	(1,696)
Surplus on revaluation of freehold property	-	822,192	-	822,192
Reversal of historic depreciation	-	501,467	-	501,467
Tax relating to other comprehensive income	-	(1,652,078)	-	(1,652,078)
Total comprehensive income for the year	-	(328,419)	(1,696)	(330,115)
Dividends: Equity capital (Note 12)	-	-	(500,000)	(500,000)
Transfer to/from profit and loss account	-	(122,342)	122,342	-
At 30 March 2023	10,000,000	22,282,453	(1,253,172)	31,029,281

The notes on pages 23 to 50 form part of these financial statements.

NATIONAL CARE GROUP HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 MARCH 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 March 2021	10,000,000	(30)	9,999,970
Comprehensive income for the year			
Profit for the year	-	500,062	500,062
	-	500,062	500,062
Total comprehensive income for the year			
Contributions by and distributions to owners			
Dividends: Equity capital (Note 12)	-	(500,032)	(500,032)
	-	(500,032)	(500,032)
Total transactions with owners			
At 31 March 2022	10,000,000	-	10,000,000
Comprehensive income for the year			
Profit for the year	-	500,000	500,000
	-	500,000	500,000
Total comprehensive income for the year			
Contributions by and distributions to owners			
Dividends: Equity capital (Note 12)	-	(500,000)	(500,000)
	-	(500,000)	(500,000)
Total transactions with owners			
At 30 March 2023	10,000,000	-	10,000,000

The notes on pages 23 to 50 form part of these financial statements.

NATIONAL CARE GROUP HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 MARCH 2023**

	2023 £	2022 £
Cash flows from operating activities		
Loss for the financial year	(1,696)	(2,089,395)
Adjustments for:		
Amortisation of intangible assets	1,737,096	1,504,464
Depreciation of tangible assets	1,809,556	1,740,231
(Gain)/loss on disposal of tangible assets	106,994	256,734
Interest paid	1,114,196	826,985
Taxation charge	594,356	3,565,600
(Increase) in debtors	(294,788)	(2,823,192)
Increase in creditors	311,855	2,802,910
Corporation tax received/(paid)	35,648	(23,914)
Property fair value adjustments	193,912	-
Other non cash items	210,656	(198,909)
Net cash generated from operating activities	5,817,785	5,561,514
Cash flows from investing activities		
Purchase of intangible fixed assets	(179,174)	(100,171)
Purchase of tangible fixed assets	(1,659,648)	(7,830,232)
Sale of tangible fixed assets	25,309	1,811,150
Net cash used in investing activities	(1,813,513)	(6,119,253)
Cash flows from financing activities		
New secured loans	-	2,457,500
Repayment of loans	(1,505,824)	(1,447,000)
Repayment of finance leases	(12,255)	-
Dividends paid	(500,000)	(500,032)
Interest paid	(1,114,196)	(834,141)
Net cash used in financing activities	(3,132,275)	(323,673)
Net increase/(decrease) in cash and cash equivalents	871,997	(881,412)

NATIONAL CARE GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 MARCH 2023

	2023	2022
	£	£
Cash and cash equivalents at beginning of year	2,861,763	3,743,175
Cash and cash equivalents at the end of year	3,733,760	2,861,763
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,733,760	2,861,763
	3,733,760	2,861,763

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

1. General information

National Care Group Holdings Limited ("the Company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Suite 22 The Globe Centre, St James Square, Accrington, Lancashire, BB5 0RE.

The Group consists of National Care Group Holdings Limited and all of its subsidiaries.

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 pound (£) except where otherwise stated.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Parent 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 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

NATIONAL CARE GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 MARCH 2023

2. Accounting policies (continued)

2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 28 February 2019.

2.4 Going concern

The Group is funded by a combination of debt provided by AIB Bank and regular cash inflows from central and local Government authorities. The Group also has a loan from Global Capital Holdings Limited, the Group has obtained confirmation that this loan will not be recalled for the 12 months from signing.

As part of the Directors' annual review of the Group's going concern position, specific consideration has been given to the current inflationary pressures in the wider market and the ongoing, albeit reducing use of agency due to the lasting impact of the Covid-19 pandemic and Brexit on the sector.

The Directors have prepared and assessed future forecasts for the period to 31 October 2023 based on receiving no further funding and do not consider there to be any present risk to the going concern status of the Group. The Group is well positioned in terms of its non-staff cost benefiting from long term contracts for key costs such as energy costs and rent, thus being well shielded from the current inflationary pressures.

The loan provided by AIB is subject to bank covenants and is secured on the freehold property held by the Group. The Group enjoys a supportive relationship with AIB and has maintained comfortable headroom across all covenants from the beginning of this financial year to the date of this report and is forecast to continue to have headroom until the end of the going concern assessment period.

The forecasts have been stress tested in particular with regard to key assumptions around interest rates, agency use, occupancy rates and other key risk factors. The analysis performed indicates that there are no reasonably plausible scenarios which would lead to a breach of covenants under which the Group operates and therefore supports the conclusion that it is appropriate to prepare the group financial statements on a going concern basis.

On 6 October 2023 and subject to finalisation of legal documentation, the original tranche of the loan provided by AIB Bank plc was extended to October 2025 in line with subsequently provided tranches. On 6th April 2023 the Group agreed additional facilities with AIB to fund future growth.

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

2. Accounting policies (continued)

2.5 Turnover

Turnover represents consideration received in respect of the provision of care, support and educational services to individuals. Revenue is recognised in respect of contracted or 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.

2.6 Operating leases: the Group as lessor

Rental income from operating leases is credited to profit or loss on a straight-line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight-line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.7 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 the Consolidated Profit and Loss Account 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 Consolidated Profit and Loss Account in the same period as the related expenditure.

2.8 Finance costs

Finance costs are charged to the Consolidated Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in the Consolidated Profit and Loss Account in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Profit and Loss Account 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 Group in independently administered funds.

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

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 the Consolidated Profit and Loss Account 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

NATIONAL CARE GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023

2. Accounting policies (continued)

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Profit and Loss Account over its useful economic life.

Negative goodwill

Negative goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition where the interest acquired in non-monetary assets exceeds the amounts paid. Subsequent to initial recognition at cost negative goodwill is amortised on a straightline basis to the Consolidated Profit and Loss Account over its useful economic life.

Other 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:

Goodwill	-	20 years
Software	-	20% straight-line
Negative goodwill	-	10-20 years

2.13 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.

NATIONAL CARE GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 MARCH 2023

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

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 property	- Over 50 years
Leasehold land and buildings	- 4% reducing balance/Straight line over the lease term
Leasehold improvements	- 20% reducing balance/Straight line over the lease term
Plant and machinery	- 25% reducing balance/20-33% straight line
Motor vehicles	- 20 - 25% reducing balance/ 10-33% straight line
Fixtures and fittings	- 15 - 25% reducing balance/ 20-33% straight line
Computer equipment	- 15 - 25% reducing balance/ 20-33% 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 the Consolidated Profit and Loss Account.

2.14 Revaluation of tangible fixed assets

Individual freehold 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 Consolidated Profit and Loss Account.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 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.

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

2. Accounting policies (continued)

2.17 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.18 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.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 the Consolidated Profit and Loss Account in the year that the Group 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.

2.20 Employee benefits

The costs 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.

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

2. Accounting policies (continued)

2.21 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

2. Accounting policies (continued)

2.22 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through the Consolidated Profit and Loss Account, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. Derivatives, including separately embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification, this is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

2.23 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

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

In the application of the Group'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.

Recoverability of accrued income

The Directors use their knowledge of the sector and past experience to review the recoverability of accrued income. Where it is considered more likely than not that amounts within accrued revenue are not recoverable a provision is raised which is expensed to the profit and loss account in the period in which the conditions arose.

Valuation of investments

Investments in subsidiaries are initially measured at cost and subsequently at cost less impairment. In assessing whether an impairment should be recognised the Directors consider the performance of the subsidiary as well as its expected future performance and its position at the reporting date.

Goodwill

The Directors use their knowledge and experience to review the impairment of goodwill. The Directors have considered that there is no impairment on goodwill on the basis that the Company expects to generate cash flows in the foreseeable future from the cash generating units where the goodwill is allocated to.

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.

4. Turnover

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

	2023 £	2022 £
Turnover	<u>79,020,921</u>	<u>72,619,066</u>

All turnover arose within the United Kingdom.

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

5. Other operating income

	2023 £	2022 £
Government grants receivable	-	2,721,818
Sundry income	244,770	-
	<u>244,770</u>	<u>2,721,818</u>

During the year ended 30 March 2023, the Group recognised in other operating income grant funding totalling £Nil (2022: £2,721,818) from the government to support the Care sector through the COVID-19 pandemic. Infection control funding was held on the balance sheet and matched against expenditure as incurred over the course of the pandemic and as such not all funding was received in year. The following coronavirus (COVID-19) grant income was recognised in the financial statements:

- Infection Control Fund (ICF) - £Nil (2022: £2,663,151) was recognised in the profit and loss account for costs incurred in implementing infection control procedures to reduce the rate of COVID-19 transmission. This mainly relates to increased staff costs incurred to put in place additional infection control procedures, staff costs for absence due to COVID-19 sickness or required isolation because of positive COVID-19 test results, agency staff costs utilised as a result of the shortage of permanent staff members and Personal Protective Equipment (PPE) costs incurred.
- COVID-19 Job Retention Scheme ("Furlough Grant") - £Nil (2022: £58,667) was recognised in the profit and loss account to fund staff costs for employees who are shielding in-line with the public health guidance.

The Group has carefully considered the eligibility criteria with each stream of grant funding prior to submission of a claim and believe that all the criteria have been met to recognise the grant amounts detailed above.

Of the £Nil (2022: £2,721,818) received in the period all was utilised to protect and support colleagues and people we support. The profits for the financial year have not therefore been artificially inflated as a result, in fact the Group incurred additional expenditure above and beyond that for which funding was received.

Sundry income in the year primarily relates to government grant income provided to the sector to assist with recruitment and retention.

6. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Depreciation of owned tangible fixed assets	1,809,556	1,175,581
(Profit)/loss on disposal of tangible fixed assets	106,994	256,734
Amortisation of intangible assets	1,737,096	1,504,464
Release of negative goodwill	(787,009)	(14,489)
Operating lease charges	<u>1,601,581</u>	<u>1,078,593</u>

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

7. Auditors' remuneration

	2023	2022
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	164,265	135,000
Fees payable to the Group's auditor and its associates in respect of:		
Accounts compilation	86,879	68,000
Other assurance fees	49,000	-
	135,879	68,000

Included in the audit fees is £13,500 (2022: £Nil) in respect of the previous year and included in the accounts fees is £15,500 in respect of the previous year.

8. Employees

Staff costs were as follows:

	Group	Group	Company	Company
	2023	2022	2023	2022
	£	£	£	£
Wages and salaries	49,538,144	43,935,737	-	-
Social security costs	3,963,010	3,621,766	-	-
Cost of defined contribution scheme	839,591	791,224	-	-
	54,340,745	48,348,727	-	-

The average monthly number of employees, including the Directors, during the year was as follows:

	Group	Group	Company	Company
	2023	2022	2023	2022
	No.	No.	No.	No.
Care and support staff	2,378	2,254	-	-
Directors	9	9	9	9
	2,387	2,263	9	9

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

9. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	1,290,048	968,658
Group contributions to defined contribution pension schemes	7,702	5,806
	<u>1,297,750</u>	<u>974,464</u>

During the year retirement benefits were accruing to 9 Directors (2022: 9) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £224,726 (2022: £220,320).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £Nil (2022: £1,321).

10. Interest payable and similar expenses

	2023 £	2022 £
Bank interest payable	<u>1,114,196</u>	<u>826,985</u>

11. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	681,124	1,047,445
Adjustments in respect of previous periods	(389,930)	92,496
Total current tax	<u>291,194</u>	<u>1,139,941</u>
Deferred tax		
Origination and reversal of timing differences	(21,070)	590,297
Changes to tax rates	(6,656)	1,646,023
Adjustment in respect of prior periods	330,888	189,339
Total deferred tax	<u>303,162</u>	<u>2,425,659</u>
Taxation on profit on ordinary activities	<u>594,356</u>	<u>3,565,600</u>

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2022: *higher than*) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>592,660</u>	<u>1,176,205</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	112,605	280,479
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	947,516	402,249
Adjustments to tax charge in respect of prior periods	(77,932)	470,259
Gain/rollover relief	25,740	544,708
Tax rate changes	(6,656)	1,894,155
Effects of other reliefs	(21,659)	(26,250)
Income not taxable	(385,258)	-
Total tax charge for the year	<u><u>594,356</u></u>	<u><u>3,565,600</u></u>

In addition to the amount charged to the profit and loss account, deferred tax arising on revaluation of property amounting to £1,652,078 (£554,700 in relation to the prior year) (2022: £956,676) has been recognised directly in other comprehensive income.

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.

12. Dividends

	2023 £	2022 £
Recognised as distributions to equity holder:		
Interim paid	<u><u>500,000</u></u>	<u><u>500,032</u></u>

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

13. Intangible assets**Group**

	Goodwill £	Negative goodwill £	Software £	Total £
Cost				
At 31 March 2022	34,130,156	(5,441,992)	405,342	29,093,506
Additions	141,545	(95)	37,724	179,174
At 30 March 2023	34,271,701	(5,442,087)	443,066	29,272,680
Amortisation				
At 31 March 2022	4,787,985	(289,886)	177,218	4,675,317
Charge for the year on owned assets	2,436,540	(787,009)	87,565	1,737,096
At 30 March 2023	7,224,525	(1,076,895)	264,783	6,412,413
Net book value				
At 30 March 2023	27,047,176	(4,365,192)	178,283	22,860,267
At 30 March 2022	29,342,171	(5,152,106)	228,124	24,418,189

The Company had no intangible fixed assets at 30 March 2023 or 30 March 2022.

Amortisation on intangible assets is charged to admin expenses.

Impairment of Goodwill:

For the year ended March 30 2023, the Group determined that there was no impairment of any of its cash-generating units (CGUs) for which goodwill is recognised on consolidation. Goodwill is attributed to a CGU based upon the original consideration less net assets acquired and subsequent amortisation to give a carrying value per CGU. This carrying value has been compared to value in use calculation based upon discounted future cash flows derived from future forecasts. Management has prepared a five year forecast for all CGUs which have been approved by the Board. Cash flows beyond the period forecast by management have been extrapolated to perpetuity at a longterm growth rate of 2% which management believe to be a prudent estimate for the sector.

Key assumptions used in value in use calculations:

In addition to the long-term growth rates above, the key assumption impacting management's conclusion is pre-management charge EBITDA (EBITDAM) margin, with the latter being heavily influenced by the use of agency staff.

NATIONAL CARE GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 MARCH 2023

14. Tangible fixed assets

Group

	Freehold property £	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Assets under construction £	Total £
Cost or valuation								
At 31 March 2022	49,794,026	1,182,555	164,795	2,832,585	755,241	164,537	1,485,456	56,379,195
Additions	493,415	20,994	-	1,045,723	89,021	10,500	-	1,659,653
Transfers	1,531,393	(45,937)	29,523	(30,344)	(2)	1	(1,485,456)	(822)
Disposals	(342,959)	-	-	-	-	-	-	(342,959)
Revaluations	684,900	-	-	-	-	-	-	684,900
At 30 March 2023	52,160,775	1,157,612	194,318	3,847,964	844,260	175,038	-	58,379,967
Depreciation								
At 31 March 2022	270,415	373,937	158,698	1,174,860	522,395	113,097	-	2,613,402
Charge for the year on owned assets	1,013,559	52,428	17,234	569,625	138,583	18,127	-	1,809,556
Transfers	(148)	1,796	120	(2,521)	(63)	(1)	-	(817)
Reversal of historic depreciation	(444,847)	-	-	-	-	-	-	(444,847)
At 30 March 2023	838,979	428,161	176,052	1,741,964	660,915	131,223	-	3,977,294

Net book value

At 30 March 2023	51,321,796	729,451	18,266	2,106,000	183,345	43,815	-	54,402,673
At 30 March 2022	49,523,611	808,618	6,097	1,657,725	232,846	51,440	1,485,456	53,765,793

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

14. Tangible fixed assets (continued)

The Company had no tangible fixed assets at 30 March 2023 or 30 March 2022.

All freehold land and buildings within the Group were revalued at January 2023 by Avison Young who are not connected with the Company. The freehold land and buildings were valued at £51.1m. The valuation was made on an open market basis and was based on recent market transactions on arm's length terms for similar properties.

The Directors do not consider the market value of the freehold land and buildings as at 30 March 2023 to be materially different from the carrying value at the balance sheet date.

The net book value of land and buildings may be further analysed as follows:

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Cost	26,381,036	25,849,167	-	-
Accumulated depreciation	(5,375,628)	(4,912,831)	-	-
Carrying value	21,005,408	20,936,336	-	-

15. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost or valuation	
At 31 March 2022	10,000,000
At 30 March 2023	10,000,000
Net book value	
At 30 March 2023	10,000,000
At 30 March 2022	10,000,000

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

15. Fixed asset investments (continued)**Direct subsidiary undertaking**

The following was a direct subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
National Care Group Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Holding company	Ordinary	100%

The aggregate of the share capital and reserves as at 30 March 2023 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
National Care Group Limited*	52,371	(636,301)

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

15. Fixed asset investments (continued)**Indirect subsidiary undertakings**

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Affinity Supporting People Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Non-trading	Limited by guarantee	100%
Care Assure Northampton Limited	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Non-trading	Ordinary	100%
Endurance Care Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Provision of care	Ordinary	100%
Essential Care & Support Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Provision of care	Ordinary	100%
Highlea Care Limited	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Provision of care	Ordinary	100%
Jamesons' Residential Home Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Provision of care	Ordinary	100%
Newfield View Supported Living Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Non-trading	Limited by guarantee	100%
Oaklea Care Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Provision of care	Ordinary	100%
Affinity Supporting People (South) Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Provision of care	Ordinary	100%
Cornerstones (UK) Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Provision of care	Ordinary	100%
Atlantic Way Care Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Provision of care	Ordinary	100%

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

15. Fixed asset investments (continued)**Indirect subsidiary undertakings (continued)**

Name	Registered office	Principal activity	Class of shares	Holding
Face 2 Face Care Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Non-trading	Ordinary	100%
Wellington Support Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Provision of care	Ordinary	100%
National Neurological Services Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Provision of care	Ordinary	100%
Shelton Care Limited	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Provision of care	Ordinary	100%
Unified Resources Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Holding company	Ordinary	100%
Unified Property Services Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Letting of properties	Ordinary	100%
Integra Community Living Options Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Provision of care	Ordinary	100%
Chosen Care Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Provision of care	Ordinary	100%
Merry Den Care Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Provision of care	Ordinary	100%
Westward Care Homes Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Provision of care	Ordinary	100%
Steps Residential Care Limited*	Suite 22 The Globe Centre, St James Square, Accrington, England, BB5 0RE	Provision of care	Ordinary	100%

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

15. Fixed asset investments (continued)**Indirect subsidiary undertakings (continued)**

*Companies that are entitled to and have taken advantage of the exemption from audit available under Section 479A of the Companies Act 2006 relating to subsidiary companies. In order for the subsidiary to claim this exemption, the parent Company must guarantee all outstanding liabilities that the subsidiary is subject to at the year end under S479A. Accordingly, the Company guaranteed all outstanding liabilities that these companies were subject to as at 30 March 2023.

On 20th April 2023 the Group acquired 100% of the share capital of Nexus-Support Limited for £1,910,330. Nexus-Support Limited is a provider of supported living care based in Essex, further strengthening our presence in the area. For further details see note 31.

16. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	5,280,275	5,951,167	-	-
Amounts owed by group undertakings	-	-	787,997	788,062
Other debtors	360,896	530,083	-	-
Prepayments and accrued income	4,800,117	3,665,249	-	-
Deferred taxation	-	72,542	-	-
	10,441,288	10,219,041	787,997	788,062

Amounts owed by group undertakings are interest free and repayable on demand.

An impairment loss of £Nil (2022: £Nil) was recognised against trade debtors.

17. Cash and cash equivalents

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	3,733,760	2,861,763	65	-

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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18. Creditors: Amounts falling due within one year

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Bank loans (note 20)	1,681,894	1,504,693	-	-
Trade creditors	2,777,050	1,678,476	-	-
Amounts owed to group undertakings	-	-	788,062	788,062
Corporation tax	2,006,225	1,679,383	-	-
Other taxation and social security	2,713,128	1,930,716	-	-
Obligations under finance lease and hire purchase contracts (note 21)	-	12,255	-	-
Other creditors (note 29)	16,270,496	17,517,480	-	-
Accruals and deferred income	4,480,038	4,802,185	-	-
	<u>29,928,831</u>	<u>29,125,188</u>	<u>788,062</u>	<u>788,062</u>

Amounts owed to group undertakings are interest free and payable on demand.

19. Creditors: Amounts falling due after more than one year

	Group 2023 £	<i>Group 2022 £</i>
Bank loans (note 20)	<u>17,743,033</u>	<u>19,426,057</u>

NATIONAL CARE GROUP HOLDINGS LIMITED

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20. Loans

	Group 2023 £	<i>Group 2022 £</i>
Amounts falling due within one year		
Bank loans	1,681,894	<i>1,504,693</i>
Amounts falling due 1-2 years		
Bank loans	17,743,033	<i>19,426,057</i>
	<u>19,424,927</u>	<i><u>20,930,750</u></i>

The long-term loans are secured by fixed and floating charges over the assets of the Group. Guarantees have been provided by the Group companies.

National Care Group Ltd, its subsidiary company, obtained a loan of £19.6m from Allied Irish Bank in 2019 primarily for redemption of its existing bank loans within the Group companies and to facilitate future growth opportunities. The loan is repayable on 16 May 2024 and the rate of interest charged on this loan is SONIA plus 2.75% per annum. On 6 October 2023 the original tranche of the loan provided by AIB Bank plc was extended to October 2025 in line with subsequently provided tranches.

Under the same facility National Care Group drew down further funding of £2.6m in 2020 and £2.4m in 2021, the rate of interest charged on these loans are SONIA plus 2.75% per annum and SONIA plus 3.0% per annum respectively. All loans were obtained to facilitate growth. On 6th April 2023 the Group agreed additional facilities with AIB to fund future growth being Facility D (£8.3m) and Facility E (£2.0m). Facility D was partially utilised to fund the acquisition of Nexus-Support Limited - see note 31.

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2023 £	<i>Group 2022 £</i>
Future minimum lease payments due under		
Within one year	-	<i>12,255</i>

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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22. Deferred taxation

Group

	2023	2022
	£	£
At beginning of year	(10,781,602)	(7,670,042)
Charged to profit or loss	(303,162)	(2,250,963)
Charged to other comprehensive income	(1,652,078)	(956,676)
Utilised in year	-	96,079
At end of year	(12,736,842)	(10,781,602)

The deferred tax asset on short term timing differences is expected to reverse within 12 months against future expected profits of the same period. The remaining deferred tax balances are expected to reverse after 12 months.

The deferred tax balance is made up as follows:

	Group	Group
	2023	2022
	£	£
Accelerated capital allowances	(9,961,111)	(10,854,144)
Tax losses carried forward	49,625	21,077
Short term differences	(2,825,356)	51,465
	(12,736,842)	(10,781,602)
Comprising:		
Asset - due within one year	-	72,542
Liability	(12,736,842)	(10,854,144)
	(12,736,842)	(10,781,602)

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

23. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
10,000,000 (2022: 10,000,000) Ordinary shares of £1.00 each	<u>10,000,000</u>	<u>10,000,000</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

24. Reserves**Revaluation reserve**

The revaluation reserve is a non-distributable reserve arising from the revaluation of freehold property.

Profit and loss account

Includes all current & prior periods retained profits & losses.

25. Analysis of net debt

	At 31 March 2022 £	Transfer £	Cash Flow £	Other non- cash changes £	At 30 March 2023 £
Cash at bank and in hand	2,861,763	-	871,997	-	3,733,760
Debt due after 1 year	(19,426,057)	1,683,024	-	-	(17,743,033)
Debt due within 1 year	(1,504,693)	(1,683,024)	1,505,823	-	(1,681,894)
Loans from related parties	(11,835,483)	-	-	45,984	(11,789,499)
Finance leases	(12,255)	-	12,255	-	-
	<u>(29,916,725)</u>	<u>-</u>	<u>2,390,075</u>	<u>45,984</u>	<u>(27,480,666)</u>

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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26. Share-based payments

Share options are granted to senior management. The exercise price of the options is determined by the share valuation as agreed by HMRC on the date of the grant. The options will vest if the employee remains in service for a period of 3 years from the date of the grant, subject to personal and company performance criteria being met. The contractual life of the options is 10 years at which point any options remaining unexercised expire.

On the 7th May 2019, CSOP options over 126,756 shares were granted to 6 employees with an exercise price of £1.42 per share being the agreed amount with HMRC as the market value per share on the date of the grant. The options do not become exercisable at any date before an exit event.

The share based payment charge has not been recognised as it is not yet considered to be material to account for.

27. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £839,591 (2022: £791,223). Contributions totalling £114,178 (2022: £473,923) were payable to the fund at the balance sheet date and are included in creditors.

28. Commitments under operating leases

At 30 March 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	<i>Group 2022 £</i>
Not later than 1 year	611,280	675,619
Later than 1 year and not later than 5 years	358,906	1,191,757
Later than 5 years	623,331	1,200,125
	<u>1,593,517</u>	<u>3,067,501</u>

The reduction in the overall commitment year on year is due to the recognition of a number of break clauses within the property leases.

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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29. Related party transactions

Included within other creditors is an amount of £11,789,499 (2022: £11,835,483) due to Global Capital Holdings Ltd, a company where two Directors have an interest. The amount is interest free and repayable on demand. Global Capital Holdings Ltd have provided assurance that the amount due will not be recalled within 12 months of the date of signing these accounts.

30. Director's transactions

Dividends totalling £500,000 (2022: £500,032) were paid in the period in respect of shares held by the Company's Directors.

Included within other creditors is an amount of £98,832 (2022: £93,782) due to the Directors.

31. Post balance sheet events

On 20th April 2023 the Group acquired 100% of the share capital of Nexus-Support Limited for £1,910,330. *Nexus-Support Limited is a provider of supported living care based in Essex, further strengthening our presence in the area.*

NATIONAL CARE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 MARCH 2023**

32. Business combinations

Following the year end, on 20th April 2023 the Group, via it's wholly owned subsidiary National Care Group Limited, acquired 100 percent of the issued capital of Nexus-Support Limited.

The following table summarises the consideration paid by the group, the estimated fair value of assets acquired and liabilities assumed at the acquisition date. The assets and liabilities are subject to an ongoing fair value exercise and as such may differ.

Acquisition of Nexus-Support Limited**Recognised amounts of identifiable assets acquired and liabilities assumed**

	Book value	Fair value	Fair value
	£	adjustments	£
		£	£
Fixed Assets			
Plant, property and equipment	803,080	-	803,080
	<u>803,080</u>	<u>-</u>	<u>803,080</u>
Current Assets			
Trade and other receivables	289,486	-	289,486
Cash and cash equivalents	(73,636)	-	(73,636)
	<u>1,018,930</u>	<u>-</u>	<u>1,018,930</u>
Total Assets			
Creditors			
Trade and other payables	(191,982)	-	(191,982)
Deferred taxation	(1,920)	-	(1,920)
	<u>825,028</u>	<u>-</u>	<u>825,028</u>
Total identifiable net assets			
			<u>1,085,302</u>
Total purchase consideration			<u>1,910,330</u>
Consideration			
			£
Cash			<u>1,910,330</u>