

Care Plus Essex Limited

Financial Statements

Year Ended

30 September 2021

Company Number 05495472

THURSDAY



AB786ZS8

A23

30/06/2022

#78

COMPANIES HOUSE

Care Plus Essex Limited

Registered number: 05495472

**Statement of Financial Position
As at 30 September 2021**

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Intangible assets	5	-	-	-	-
Tangible assets	6		9,245		11,595
			<u>9,245</u>		<u>11,595</u>
Current assets					
Debtors: amounts falling due after more than one year	7	38,164		374	
Debtors: amounts falling due within one year	7	117,666		117,704	
Cash at bank and in hand		115,976		102,112	
		<u>271,806</u>		<u>220,190</u>	
Creditors: amounts falling due within one year	8	(99,662)		(89,040)	
Net current assets			<u>172,144</u>		<u>131,150</u>
Total assets less current liabilities			<u>181,389</u>		<u>142,745</u>
Creditors: amounts falling due after more than one year			-		(27,261)
Net assets			<u><u>181,389</u></u>		<u><u>115,484</u></u>
Capital and reserves					
Called up share capital	10		100		100
Profit and loss account	11		181,289		115,384
Total equity			<u><u>181,389</u></u>		<u><u>115,484</u></u>

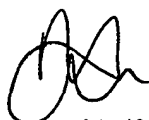
The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 June 2022.

M J King
Director



The notes on pages 3 to 13 form part of these financial statements.

Care Plus Essex Limited

Statement of Changes in Equity For the Year Ended 30 September 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2020	100	115,384	115,484
Comprehensive profit for the year			
Profit for the year	-	65,905	65,905
Total comprehensive profit for the year	-	65,905	65,905
At 30 September 2021	100	181,289	181,389

Statement of Changes in Equity For the Year Ended 30 September 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2019	100	88,834	88,934
Comprehensive loss for the year			
Profit for the year	-	26,550	26,550
Total comprehensive loss for the year	-	26,550	26,550
At 30 September 2020	100	115,384	115,484

The notes on pages 3 to 13 form part of these financial statements.

Care Plus Essex Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

1. General information

Care Plus Essex Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

The company is part of the group headed by Healthcare Homes (Genesis) Limited ("the group"). The company meets its day to day working capital requirements from its own cash resources and through intercompany funding arrangements with other group companies. Therefore, in light of this operational and financial support provided by the group, the going concern assessment of the company has been made as part of the assessment for the group as a whole.

Subsequent to the year end, the Covid-19 pandemic continues to impact the United Kingdom. Social care, and the vulnerable people for whom the group provides care, is at the heart of the pandemic, and as result the group continues to be impacted by effects of the pandemic. Furthermore, the group has is impacted by the staffing challenge that is facing all social care providers currently and is expected to be adversely impacted by increasing inflation, particularly in relation staff and food costs as well as utility costs, when the group's fixed term pricing arrangements for the latter come to an end in October 2022.

The directors have prepared and assessed forecasts for the group for the going concern period, being 12 months from the date of signing these financial statements. These forecasts include projecting expected occupancy levels, weekly homecare hours and agency usage as well as costs in order to assess the impact on future performance. These are based on the following main assumptions:

- KPIs commencing in line with current reported statistics
- Continued recovery from the effect of Covid-19 at its latest peak, in line with the actual recovery delivered to date
- Occupancy set at a fair maintainable trade lower than the occupancy levels actually being achieved before Covid-19
- Average Weekly Fee maintained at current levels, but allowing for an annual uplift as expected
- Slow recovery in agency levels currently being experienced, with fair maintainable levels higher than were being incurred before Covid-19 and throughout the earlier peaks
- Stabilisation of homecare volumes following impact of Covid-19 and recruitment and retention challenges in the months already passed

Care Plus Essex Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

2. Accounting policies (continued)

- Increase in staff costs in relation to National Living Wage effective from April 2022 in line with the announced increase
- Increase in Employer NIC rates to factor in the additional 1.25% in relation to the Health and Social Care Levy with effect from April 2022
- Inflationary increases in relation to all other overheads
- No additional Government grant funding

This forecast shows the group will continue to trade positively for the next 12 months and beyond and will continue to accumulate cash reserves.

The directors have sensitised these projections in order to assess the potential impact of further waves of Covid-19 and no improvement in the current staffing position. The key differences to the forecast above are as follows:

- Occupancy to remain at current levels, which have been relatively stable
- Agency usage to continue at its current levels, which appear to have stabilised
- Homecare volumes to remain at their current levels with no further growth

The sensitised projections also show positive trading performance for the coming 12 months. The sensitised forecasts do result in a negative cash flow over the going concern period as we have not factored in any reduction in discretionary capital expenditure should these sensitivities occur. However, the group still has sufficient cash reserves brought forward to remain liquid and meet its liabilities as they fall due.

The Directors have considered the impact of the war in the Ukraine and, other than the inflationary increases in costs referred to above which are exacerbated by the geopolitical situation, the Directors do not consider that the group is directly affected by this matter.

In September 2023 the deferred consideration in relation to the 2019 Management Buy Out becomes payable and the Redeemable Preference Shares become redeemable. Whilst falling outside the 12 month going concern assessment period, the Directors have already instigated planning for when these amounts become payable. There are several options available to the group, which the Directors are currently developing and evaluating. The Directors are confident that appropriate financing will be in place in good time and that the group will continue to be able to trade on a going concern basis thereafter.

The group has breached certain financial covenants within the Overarching Agreement between the group and its principal landlord, Omega Healthcare Investors, Inc. ("OHI"). OHI have provided a letter of support and remain supportive of the group and its management team. On 26 January 2022, OHI and the group executed an Amendment and Restatement Agreement which saw the re-basing of the future financial covenants within the Overarching Agreement. The forecasts prepared therefore show the group as being compliant with its financial covenants for the foreseeable future.

Conclusion

Based on the group's forecasts and projections and taking into account reasonable possible changes in trading performance as mentioned above, the Directors have a reasonable expectation that the group and the company will have adequate resources to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. The Directors therefore believe that it is appropriate to prepare these financial statements on a going concern basis.

Care Plus Essex Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

2. Accounting policies (continued)

2.3 Turnover

Turnover represents sales to external customers at invoiced amounts, excluding VAT. Invoices are raised on a weekly or four weekly basis and turnover is recognised in the period to which it relates.

2.4 Government grants

Grant income represents government assistance to support the group during any negative financial impact experienced as a result of COVID-19. The group received two streams of grant income: Infection Control Funding; and the Government Coronavirus Job Retention Scheme ('Furlough').

All grant income is recognised using the performance model whereby revenue is recognised once any performance-related conditions are met.

2.5 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value 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 statement of comprehensive income over its useful economic life.

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.

Amortisation is provided on the following bases:

Goodwill	-	20 % straight line
----------	---	--------------------

2.6 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Fixtures and fittings	-	10% per annum
Office equipment	-	20% per annum

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

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

Care Plus Essex Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

2. Accounting policies (continued)

2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 Cash and cash equivalents

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

2.10 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.

2.11 Leased assets: Lessee

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

2.12 Pensions

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

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.13 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

Care Plus Essex Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

2. Accounting policies (continued)

2.14 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.15 Current and deferred taxation

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

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

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

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

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

2.16 Financial instruments

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

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.

Care Plus Essex Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

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

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 6)

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

4. Employees

The average monthly number of employees, excluding the directors, during the year was 44 (2020 - 43).

Care Plus Essex Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

5. Intangible assets

	Goodwill £
Cost	
At 1 October 2020	50,000
At 30 September 2021	<u>50,000</u>
Amortisation	
At 1 October 2020	50,000
At 30 September 2021	<u>50,000</u>
Net book value	
At 30 September 2021	<u><u>-</u></u>
At 30 September 2020	<u><u>-</u></u>

Care Plus Essex Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

6. Tangible fixed assets

	Furniture, fittings and equipment £
Cost	
At 1 October 2020	16,943
Additions	822
At 30 September 2021	<u>17,765</u>
Depreciation	
At 1 October 2020	5,348
Charge for the year	3,172
At 30 September 2021	<u>8,520</u>
Net book value	
At 30 September 2021	<u>9,245</u>
At 30 September 2020	<u>11,595</u>

7. Debtors

	2021 £	2020 £
Due after more than one year		
Amounts owed by group undertakings	37,491	-
Deferred tax asset	673	374
	<u>38,164</u>	<u>374</u>
Due within one year		
Trade debtors	66,792	57,440
Prepayments and accrued income	50,874	60,264
	<u>117,666</u>	<u>117,704</u>

Care Plus Essex Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

7. Debtors (continued)

Amounts owed by group companies relate to unsecured balances between group companies. The loan is provided for on a rolling 367 day period. No payment can be enforced by the lender without giving notice in writing to the borrower of a minimum of 367 days. Interest is charged at 6% per annum on the average balance owed during the year.

The impairment loss recognised in the statement of comprehensive income for the year in respect of bad and doubtful trade and other debtors was £Nil (2020 - £Nil).

8. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	5,967	15,911
Other taxation and social security	6,601	5,710
Other creditors	38,389	46,296
Accruals and deferred income	48,705	21,123
	<u>99,662</u>	<u>89,040</u>

9. Deferred taxation

	2021 £
At beginning of year	374
Charged to statement of comprehensive income	299
At end of year	<u><u>673</u></u>

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	534	278
Other timing differences	139	96
	<u>673</u>	<u>374</u>

Care Plus Essex Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

10. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

12. Contingent liabilities

There is a contingent liability in respect of guarantees given by the company, in common with fellow subsidiaries, to its banks for overdraft facilities granted to the ultimate parent company, Healthcare Homes (Genesis) Limited, and its subsidiaries.

At the year end other companies had gross overdrafts amounting to £Nil (2020 - £1,318,887). The group has a right of set off between overdrafts and current account balances.

13. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £10,121 (2020 - £7,868). Contributions totalling £1,483 (2020 - £1,345) were payable to the fund at the reporting date and are included in creditors.

14. Commitments under operating leases

At 30 September 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	7,000	8,400
Later than 1 year and not later than 5 years	-	6,881
	<u>7,000</u>	<u>15,281</u>

Care Plus Essex Limited

Notes to the Financial Statements For the Year Ended 30 September 2021

15. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

16. Parent undertaking and control

The immediate parent undertaking is Manorcourt Care (Norfolk) Limited, a company incorporated in the United Kingdom.

The company's ultimate parent company is Healthcare Homes (Genesis) Limited which is the parent of the largest and smallest group for which consolidated financial statements are prepared. Consolidated financial statements are available from Companies House, Cardiff, CF14 3UZ.

Healthcare Homes (Genesis) Limited registered office is The Beeches, Apex 12, Old Ipswich Road, Ardleigh, Colchester, CO7 7QR.

In the opinion of the directors there is no ultimate controlling party to Healthcare Homes (Genesis) Limited.

17. Auditor's information

The auditor's report on the financial statements for the year ended 30 September 2021 was unqualified.

The audit report was signed on 29 June 2022 by Richard Levy (senior statutory auditor) on behalf of BDO LLP.