

ISS Healthcare Limited

Annual Report and Unaudited Financial Statements

For the year ended 31 March 2021

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I S S Healthcare Limited

**Annual report and unaudited financial statements
for the year ended 31 March 2021**

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Directors

J Thorburn-Muirhead
N Goodban
L Krige

Company Secretary

N Goodban

Registered office

Cardinal House
Abbeyfield Court
Abbeyfield Road
Nottingham
England
NG7 2SZ

I S S Healthcare Limited

Strategic report for the year ended 31 March 2021

The directors present their strategic report together with the unaudited financial statements for I S S Healthcare Limited (the 'Company') for the year ended 31 March 2021.

Results and dividends

The results for the year ended 31 March 2021 are disclosed on page 10 and show a profit after taxation of £239k (2020: profit of £345k). No dividends have been paid or proposed in the year (2020: £nil).

Financial review

Turnover for the year amounted to £3,824k (2020: £4,311k) which resulted in profit on ordinary activities before interest and taxation of £261k (2020: profit of £261k).

The Company's strategy remains unchanged, focusing on providing high quality and affordable care in a variety of settings adapted to service users' needs and preferences. Our priorities remain anchored on improving quality, investing in technology to enhance service delivery and in the ongoing training and support of our staff. Through these priorities we aim to meet the needs of our commissioners, the NHS and private paying clients.

At 31 March 2021 the Company had net assets of £961k (2020: Net assets of £722k).

Impact of Covid-19

The primary FY21 trading impact of Covid-19 was a modest short-term reduction in volume as service users reduced their externally delivered care requirements, for instance as families stepped in during periods of furlough to cover care. Local Authority and NHS assessment processes (by which new packages of care are commissioned to the Group) were in some cases also disrupted by lockdown and the diversion of staffing resources; this meant a slowdown in new business referrals. These trends fluctuated through the year as lockdowns and infection levels evolved.

Throughout the year there were periods of higher staff absence due to infection rates and the need for self-isolation. Although this presented operational challenges, it did not negatively impact the Company's ability to maintain service given due to the reduction in volume and latent capacity in the care worker staff base. Those increased levels of absence, coupled with the temporary legislative withdrawal of statutory sick pay 'waiting days', resulted in an increase to Statutory Sick Pay costs and increased administrative costs.

At the outset of the pandemic the Company experienced a period of rapidly rising PPE cost coupled with new and enhanced PPE requirements. Supply was restricted as global demand and Government requisitioning of UK supply lines for NHS use disrupted the market. The Company quickly moved to source and procure large quantities of PPE from alternative suppliers. This action meant the supply of PPE did not impact on our ability to maintain safe service in the early stages of the pandemic before supplies were available through government initiatives.

The Company's liquidity position was not adversely impacted by Covid-19 due to quickly employed cash preservation measures including tighter management of payments. These included short-term HMRC payment deferrals (deferrals in Q1 FY21 were repaid fully in Q2 FY21). Some local authorities temporarily supported the Company's cash position through advance payments on invoices and, in a small group of cases, short-term liquidity loans which are all being repaid.

Whilst trading was adversely affected by lower volumes and increased costs caused by the pandemic, the impact was softened by the proactive measures taken by the Company and the support measures put in place for the social care sector generally by central government and local authorities. This support was specific and targeted in nature and came from the Covid-19 Response Fund deployed by central government and the Infection Control and other grants administered by local authorities, as well as the temporary measures and support offered by the majority of Local Authorities themselves. Where grant funding could not be utilised in accordance with the specific deployment criteria it was, and continues to be, repaid to the relevant Local Authorities.

I S S Healthcare Limited

Strategic report
for the year ended 31 March 2021 (*continued*)

Key performance indicators

The Company is focused on the quality of its service. The Company also continues to develop revenue growth at a sustainable gross margin, continuing expansion, and increasing its presence across the homecare market segments. FY21 average weekly chargeable hours decreased by 16.5% from prior year (2020: increased by 195%) although the FY21 average masks a pattern of considerable change through the course of the pandemic with strongly recovering volumes in the second half of the year.

Principal risks and uncertainties

The Covid-19 pandemic realised a number of risks for the Company and enabled the Company to implement its mitigation strategy. The Company is also exposed to non-financial risks such as the loss of major contracts, a significant change in the market dynamic, legislative and regulatory risk and the loss of key people, and has taken suitable steps to prevent, reduce or mitigate as appropriate.

As outlined in the director's report, the Covid-19 pandemic resulted in volume loss, increased PPE, statutory sick pay and administration costs, and in the early stages of the crisis supply-side shortages in IT equipment and PPE. It also triggered staffing challenges due to heightened absence. To date the majority of those risks have been mitigated through actions taken by the Company and, in financial terms, also through support made available to the sector through local and central government. Given the social value generated by the sector, its "key worker" status, and its central importance to the government pandemic response, the directors anticipate that similar levels of support will continue to be available in the future should the United Kingdom experience further spikes in Covid-19 cases.

In light of PPE supply chain disruption experienced to date, the Company has strengthened its capabilities with regards to sourcing PPE. The Company now maintains a central stock holding of PPE sufficient to support business continuity for several months as well as developed relationships with multiple suppliers.

Workforce motivation, fatigue and stress has also been of specific concern to the Company during the Covid-19 pandemic. A significant programme of additional communication and support has been established, keeping staff up-to-date with policy and guideline changes and by providing additional training. The Company strives to support staff motivation through many initiatives such as recognition programmes and sharing of positive news stories. A well-being programme, including the launch of a new Employee Assistance Programme was launched during the year.

Brexit was not considered a material direct risk to the performance of the business and has proven not to be. The biggest perceived risk was around changes to labour supply, specifically the availability and utilisation of European workers by other industries/competitors, potentially creating greater competition for our mainly UK-based care workers. During the pandemic, the labour market has in fact been more materially affected by the variously changing impacts of lockdown, furlough etc. and recruitment changes in other sectors such as hospitality and retail. In respect to Brexit supply chain risk, perceived exposure was isolated to PPE and the Company took steps to source buffer stocks to manage any short-term disruption. There has been no subsequent supply chain impact on the Company caused by Brexit.

The risk associated with the loss of major contracts is mitigated by virtue of a strong pipeline of new business opportunities to replace any contract losses. Additionally, the absence of undue reliance on any single contract which could potentially impact the overall performance of the Company, as well as the number of long-term and rolling contracts. The Company remains confident of retaining a very high proportion of existing business due for retender in the next 12 months and retender statistics over the last 5 years support that view.

Central government funding policy for social care is important to the Company. Whilst funding pressures continue to impact the sector the Company maintains strong pricing discipline through tender and retender activity thereby maintaining a financially viable portfolio. The Company also annually renegotiates prices with its customers to offset National Living Wage and other inflationary factors. Central and local government budgetary policy changes over the last 36-48 months have also steadily become more favourable through ring-fenced council tax precept allocations, reallocations from more discretionary areas of public expenditure in favour of social care, and separately allocated funding from the 'Improved Better Care Fund' (iBCF).

I S S Healthcare Limited

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

Principal risks and uncertainties (continued)

A clear political consensus exists to further increase social care funding and this consensus has been given added impetus by the Covid-19 pandemic. The clearly defined statutory obligations introduced by the Care Act 2014 allow limited scope for Local Authorities to exert greater tightening around care eligibility criteria.

The Company's customers expect and require high quality services and most of the Company's activities are regulated. The Company has a comprehensive and extensive quality management system. This includes a dedicated quality team which reports separately from the operational line; quality is reviewed throughout the monthly management reporting cycle, up to Board level; processes and systems are constantly reviewed for updates and improvements; there is a developed incident management system, escalating incidents and issues according to severity; the Company operates a risk-based scoring system to understand where issues may arise and quality metrics are reported through an organisation-wide IT system which tracks key quality KPIs by branch.

The Company takes its relationship with its Regulators extremely seriously in all areas in which it operates and seeks to maintain a responsible and responsive relationship with each regulator. The Company invests heavily in its Quality governance resources and is investing in new technology solutions which will further facilitate care quality assurance.

One of the Company's priorities remains to recruit, train and retain an appropriate number of carers and branch staff. At the same time this is also an area of competitive opportunity for the Company. The Company is an attractive employer within the sector, offering better career prospects than most other operators. The Company is also committed to paying competitive wages and supporting Local Authorities to maximise sector remuneration above National Living Wage where Local Authority charge rates allow. It has a robust recruitment and training process and is investing in initiatives to improve staff attraction and retention. This is an important area of continuous monitoring and improvement. The Company believes it has excellent training programmes and continues to invest for further development.

The Company is investing in and deploying innovative technology which it believes will make both carer and branch staff roles more rewarding and satisfying, further aiding retention.

The Company is always seeking people with the right skills and values to join the business. Following further headcount investment and operational restructuring in financial year 2021 the Company's staff base has never been more robust.

Section 172(1) statement

The directors act in good faith, to promote the success of the Company for the benefit of the members as a whole. Management focus on long-term strategies in order to deliver sustainable shareholder value having regard to the sometimes conflicting needs and priorities of key stakeholders.

Directors make their decisions within the context of medium and long-term strategies and shareholder expectations on investment return. The Company has a five-year strategic plan to further leverage its strong national branch network and buy and build capabilities in order to achieve both organic and acquisitive growth.

The competing needs of the various stakeholders of the Company are monitored and reviewed at management and Board level. Where conflicting needs arise, advice is sought from the wider management team and as necessary from the Company's external advisors. Through the careful balancing of stakeholder needs, the Company seeks to promote success for the long-term benefit of shareholders.

The directors consider the key stakeholders of the Company (in addition to the shareholders) to be its service users, service funders, employees, regulators, lending partners, suppliers and HMRC. Further details on how the Company manages its relationship with service funders, employees and regulators are provided in the principal risks and uncertainties section above. Statements of engagement with employees, customers and suppliers are included within the strategic report.

I S S Healthcare Limited

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

Principal risks and uncertainties (continued)

The Company takes its relationship with HMRC very seriously and seeks to maintain a responsible and responsive relationship with HMRC to ensure that the Company remains compliant with its taxation obligations. The Company publishes its tax strategy on its website which covers its approach to engaging with HMRC.

Future strategy

The outlook for financial year 2022 and beyond is positive, notwithstanding any further disruption due to Covid. With ever-increasing levels of vaccination, management expect the worst to be past and future impacts to be manageable especially after the experience gained in the last year. Management believe that a consequence of Covid-19 will be an increasing drive and preference for community care provided in people's own homes where their needs allow, rather than residential provision. This is due to the better cost efficiency this offers public sector finances, the increased visibility that social care received through Covid-19, and public perception of infection risks. The Company remains focused on maintaining a high-quality service, delivered through a valued and dedicated care worker workforce. Continued tender success, supported by the continued preference for at-home delivery will deliver new organic opportunities for the Company. Further acquisition opportunities that complement the directors' objectives for the Company will be considered as and when they arise to enhance the growth potential in the business.

By order of the board



N Goodban
Director

10 December 2021

I S S Healthcare Limited

Report of the Directors for the year ended 31 March 2021

The directors present their annual report together with the unaudited financial statements of the Company for the year ended 31 March 2021.

Principal activities and future developments

The principal activity of the Company is the provision of domiciliary care services across Wales. These services include support to people over sixty-five years of age, as well as young adults and children with a broad range of needs including physical and sensory impairment, mental illness and learning disabilities. These services are delivered in the service users homes. The directors propose to continue the same activities next year.

Political and charitable donations

The Company made no donations during the year (2020: £nil).

Financial risk management

The Company utilises financial instruments coupled with a focus on best practise to effectively manage the financial risks associated with its underlying business and the financing of those activities. Due to the nature of the Company's business and its asset and liability base, the only financial risks that the directors consider relevant to the Company are price, credit and liquidity risk.

Price risk

Given the nature of the business in which the Company is engaged, it bears minimal risk of price inflation in the absence of any significant purchase obligations other than statutory national living wage increases.

Credit risk

The Company's exposure to credit risk is mitigated through its large customer base, minimal companywide credit exposure on any one customer contract, its focus on long-term customer relationships and active monitoring of the credit status of overdue customer accounts.

Liquidity risk

The Company manages liquidity risk by budgeting and forecasting cash flows in the short to medium term and monitoring working capital positions on a monthly basis. Long-term liquidity is assured through committed funding arrangements to meet foreseeable peak borrowing requirements.

Directors

The following served as directors during the year and up to the date of signing the financial statements:

J Thorburn-Muirhead

N Goodban

L Krige (appointed 17 May 2021)

Directors' indemnities and insurance

The Company has indemnified its directors, by way of directors and officer's liability insurance, against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force at the date of approving the Report of the directors.

I S S Healthcare Limited

Report of the Directors for the year ended 31 March 2021 *(continued)*

Going Concern

The Company had net assets of £961k at 31 March 2021 (2020; net assets of £722k) and net current assets of £133k (2020; net current liabilities £212k).

The directors have reviewed the Company's cash flow forecasts and trading budgets and have formed the view that the Company is operationally and financially robust and will generate sufficient cash to meet its ongoing requirements for at least the next 12 months from the date of approval of these financial statements.

Despite the impact of Covid-19, which has been considered in the Company's modelling, the Company's cash flow forecasts continue to indicate strong cash generation which will be more than sufficient to meet all liabilities as they fall due. Those forecasts have been revisited regularly in FY21 and have been heavily sensitised to consider a number of potential scenarios which are more adverse than those experienced to date. These scenarios include further and more considerable volume reductions, further increased PPE costs, greater staff sickness levels and reduced financial support from local and central government.

On the basis of the above the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Corporate governance report

No corporate governance code has been applied in the financial year for the reason that the Company already has a formal governance framework. The Board is responsible for setting the strategic aims and objectives for the Company, monitoring and reporting to its shareholders on performance against strategy, approving policy, monitoring risk and corporate governance, and oversight of the performance of the subsidiary companies. There is a formal cycle for the development of annual business plans and of the medium and long-term strategy for the Company as a whole.

The Board meets formally every month during the year. Meetings have a formal agenda and papers are issued in advance. The Board is supported by the following committees/steering groups covering activities relevant for the whole Company:

- **Audit and risk committee;** Meets at least twice a year to assist the board in fulfilling its oversight responsibilities for statutory financial reporting and the audit process, and the system of risk management and internal control across the Company.
- **Remuneration Committee;** meets annually to discuss and approve payment of annual staff bonuses and to consider any requests for annual salary uplifts for the senior leadership team and/or material salary increases for the wider Company.
- **Investment Committee;** meets on an ad-hoc basis to discuss investment proposals, agree valuation parameters and sign-off any formal offer positions.

Employment Policy and Employee Engagement Statement

Employee engagement is fundamental to the Company's success. Regular meetings are held between management and employees across all levels of the organisation. Regular Company communications provide employees with relevant information, training and support.

Disabled employees

The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retaining of employees who become disabled whilst employed by the Company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the Company.

I S S Healthcare Limited

Report of the directors for the year ended 31 March 2021 (*continued*)

Statement of engagement with customers and suppliers

Customers

The Company strives to provide a high quality service to both our service users and service funders which is delivered through the comprehensive and extensive quality management systems as well as the recruitment, retention and training processes which are designed to ensure our carers and branch staff are equipped to provide a high quality service. The Company consults regularly with its customers through surveys as well as feedback received through direct communication with our employees.

Suppliers

Our suppliers and landlords are fundamental to our ability to deliver care. The Company aims to develop open and honest business communication with key suppliers to ensure relationships are mutually beneficial.

Environmental awareness

The Company is committed to ensuring that the environmental consequences of its operations are minimised as far as practicable. As such the Company pursues the following objectives:

- Recycling of waste where possible;
- Conserving of energy and water; and
- Recycling of consumables (paper, card, ink cartridges).

Strategic report

The Company, has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's strategic report information required by Large and Medium-sized Companies and Company's (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of a review of the business, its principal risks, financial risks and future developments.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic report, directors report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

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

I S S Healthcare Limited

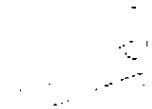
Report of the directors for the year ended 31 March 2021 (*continued*)

Statement of directors' responsibilities in respect of the financial statements (*continued*)

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

By order of the board



N Goodban
Director

10 December 2021

I S S Healthcare Limited

Statement of comprehensive income for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	4	3,824	4,311
Cost of sales		(3,040)	(3,529)
		<hr/>	<hr/>
Gross profit		784	782
Administrative expenses:			
Depreciation and amortisation		(106)	(106)
Other operating expenses		(417)	(415)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	5	261	261
Tax on profit on ordinary activities	8	(22)	84
		<hr/>	<hr/>
Profit for the financial year		239	345
		<hr/>	<hr/>

ISS Healthcare Limited

Balance sheet As at 31 March 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Intangibles	9		848		954
			<u>848</u>		<u>954</u>
Current assets					
Debtors	10	1,677		410	
Creditors: amounts falling due within one year	11	(1,544)		(622)	
Net current assets/(liabilities)			<u>133</u>	<u>(212)</u>	
Total assets less current liabilities			<u>981</u>		<u>742</u>
Provisions for liabilities and charges	12		(20)		(20)
Net assets			<u>961</u>		<u>722</u>
Capital and reserves					
Called up share capital	13		-		-
Profit and loss account			961		722
Total equity			<u>961</u>		<u>722</u>

For the year ended 31 March 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies and the members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the act with respect to accounting records and the preparation of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 10 December 2021.



N Goodban
Director

Company number 05762103

I S S Healthcare Limited

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

	Called up Share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 April 2019	-	377	377
Profit for the financial year	-	345	345
At 31 March 2020	-	722	722
Profit for the financial year	-	239	239
At 31 March 2021	-	961	961

I S S Healthcare Limited

Notes forming part of the financial statements for the year ended 31 March 2021

1 Corporate information

I S S Healthcare Limited (the 'Company') operates as providers of domiciliary care services across Wales.

The Company is a private company limited by shares and incorporated in England. The address of its registered office is Cardinal House, Abbeyfield Court, Abbeyfield Road, Nottingham, England, NG7 2SZ.

2 Statement of compliance

The financial statements of I S S Healthcare Limited have been prepared in accordance with United Kingdom Accounting Standards which comply with Financial Reporting Standard 102 and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are addressed below.

Key sources of estimation uncertainty:

- Determining the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers various factors, including the ageing profile of the debtor and historical experience.

Key areas of judgement:

- Determine whether there are indicators of impairment of the Company's intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

New standards and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2021, have had a material impact on the Company.

I S S Healthcare Limited

Notes forming part of the financial statements
for the year ended 31 March 2021 (*continued*)

3 Summary of significant accounting policies (*continued*)

Exemptions of qualifying entities under FRS 102

FRS 102 allows qualifying entities certain disclosure exemptions, subject to certain conditions, which have been complied with. The Company has taken advantage of the exemptions set out below on the basis that it is a qualifying entity since its results are included in the consolidated financial statements of C&C Topco Limited which are available from Cardinal House, Abbeyfield Court, Abbeyfield Road, Nottingham, England, NG7 2SZ.

- Section 7 – Statement of cashflows;
- Section 11 – Financial instruments (paragraphs 11.39 to 11.48A);
- Section 12 – Other financial instruments (paragraphs 12.26 to 12.29);
- Section 33 – Related party disclosures (paragraph 33.7);
- Section 33 – Key management personnel (paragraph 33.7).

Going Concern

The directors have reviewed the Company's cash flow forecasts and trading budgets and have formed the view that the Company is operationally and financially robust and will generate sufficient cash to meet its ongoing requirements for at least the next 12 months from the date of approval of these financial statements.

Despite the impact of Covid-19, which has been considered in the Company's modelling, the Company's cash flow forecasts continue to indicate strong cash generation which will be more than sufficient to meet all liabilities as they fall due. Those forecasts have been revisited regularly in FY21 and have been heavily sensitised to consider a number of potential scenarios which are more adverse than those experienced to date. These scenarios include further and more considerable volume reductions, further increased PPE costs, greater staff sickness levels and reduced financial support from local and central government.

On the basis of the above the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Turnover

Turnover represents the amounts receivable from the provision of domiciliary care services. Turnover is stated net of value added tax and is recognised in the profit and loss account when the service is provided to the customer.

Exceptional items

The Company classifies certain one-off items that have a material impact, by amount or nature, on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

Employee benefits

The Company provides a range of benefits to employees including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as expenses in the period in which the service is received.

(ii) Pension plans

Amounts charged to the profit and loss account in respect of pension costs represents the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments.

I S S Healthcare Limited

Notes forming part of the financial statements
for the year ended 31 March 2021 (*continued*)

3 Summary of significant accounting policies (*continued*)

Employee benefits (*continued*)

(iii) Annual bonus plan

The Company operates an annual bonus plan for certain employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income or 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 country where the Company operates and generates taxable income.

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

- 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.

Tangible fixed assets

Tangible fixed assets are stated at deemed cost which is the same as historical cost less accumulated depreciation and any accumulated impairment losses at the date of transition to FRS 102, plus subsequent costs of additions less subsequent depreciation. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Computer equipment	5 years
Fixtures, fittings and equipment	5 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating expenses' in the profit and loss account.

I S S Healthcare Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

3 Summary of significant accounting policies (continued)

Impairment of fixed assets

Assets that are subject to depreciation 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 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 fair value less costs to sell and value in use. 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.

Leased assets

All leases are treated as operating leases and their annual rents are charged to the profit or loss account on a straight-line basis over the term of the lease.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Holiday pay accrual

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

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and amounts due from group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised.

I S S Healthcare Limited

Notes forming part of the financial statements
for the year ended 31 March 2021 (continued)

3 Summary of significant accounting policies (continued)

Financial assets (continued)

The impairment reversal is recognised in profit or loss. Financial assets are derecognised when (a) the contractual rights to the cash flow from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables and amounts due to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Share capital

Ordinary shares are classified as equity.

4	Turnover	2021	2020
		£'000	£'000
	<i>Analysis by class of business</i>		
	Domiciliary Care	3,824	4,311
		<hr/>	<hr/>
5	Profit on ordinary activities before taxation	2021	2020
		£'000	£'000
	This is stated after charging:		
	Amortisation of intangible fixed assets	106	106
	Operating lease costs – land and buildings	39	38
		<hr/>	<hr/>

ISS Healthcare Limited

Notes forming part of the financial statements
for the year ended 31 March 2021 (continued)

6 Staff costs

	2021 £'000	2020 £'000
Wages and salaries	2,633	3,090
Social security costs	174	196
Cost of defined contribution scheme	41	48
	<u>2,848</u>	<u>3,334</u>

The pension cost charge represents contributions payable by the Company for auto-enrolment schemes. Contributions amounting to £nil (2020: nil) are included in other creditors at the year end.

The average number of employees during the year was as follows:

	2021 Number	2020 Number
Branch management and administration	13	17
Care and support workers (full and part-time)	175	179
	<u>188</u>	<u>196</u>

7 Directors' remuneration

The directors who served during the year are also directors of other undertakings within the Group and their remuneration is included in the financial statements of C&C Topco Limited. No emoluments were paid to the directors for their services to the Company.

8 Tax on profit on ordinary activities

(a) The taxation charge/(credit) is made up as follows:

	2021 £'000	2020 £'000
Current tax		
UK corporation tax at 19% (2020: 19%)	-	-
Adjustments in respect of prior periods	22	(84)
	<u>22</u>	<u>(84)</u>
Tax charge/(credit) on profit on ordinary activities	<u>22</u>	<u>(84)</u>

I S S Healthcare Limited

Notes forming part of the financial statements
for the year ended 31 March 2021 (*continued*)

8 Tax on profit on ordinary activities

(b) Factors affecting the tax charge/(credit) for the year:

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	261	261
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	50	50
Effects of:		
Expenses not deductible for tax purposes	20	20
Group relief	(70)	(70)
Adjustment in respect of prior periods	22	(84)
Total tax charge/(credit) for the year	22	(84)

(b) Factors that may affect future taxation:

In the Budget on 3 March 2021, the Chancellor announced that the standard rate of UK Corporation Tax will increase to 25% from 1 April 2023. The deferred tax assets and liabilities at the balance sheet date are calculated at the substantively enacted rate of 19%.

9 Intangible Fixed Assets

	Goodwill £'000
Cost	
At 1 April 2020 and 31 March 2021	1,060
Amortisation	
At 1 April 2020	106
Provided during the year	106
At 31 March 2021	212
Net book value	
At 31 March 2021	848
At 31 March 2020	954

I S S Healthcare Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (*continued*)

10 Debtors

	2021 £'000	2020 £'000
Trade debtors	410	192
Amounts owed by group undertakings	1,209	61
Prepayments and accrued income	58	157
	<u>1,677</u>	<u>410</u>

All amounts shown under debtors fall due for payment within one year. Amounts owed by group undertakings are unsecured, have no fixed date of repayment and bear no interest.

11 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	1	6
Amounts owed to group undertakings	1,391	373
Taxation and social security	19	59
Other Creditors	5	9
Accruals and deferred income	128	175
	<u>1,544</u>	<u>622</u>

12 Provisions for liabilities and charges

	Dilapidations £'000
	<u>20</u>
At 1 April 2020 and 31 March 2021	

Dilapidation provisions

Provision for dilapidations represents the estimated cost of repairs required under all current property rentals prior to the end of the lease term.

13 Called up share capital

	2021 £	2020 £
<i>Allotted, called up and fully paid:</i>		
4 ordinary shares of £1 each	<u>4</u>	<u>4</u>

I S S Healthcare Limited

Notes forming part of the financial statements for the year ended 31 March 2021 (continued)

14 Capital commitments and contingent liabilities

There are no material capital commitments (2020: £nil).

The borrowings of C&C Topco Limited are secured on the assets of the Company and guaranteed by fellow members of the Group. At 31 March 2021, Group borrowings subject to the guarantee amounted to £181.9m (2020: £94.6m).

15 Commitments under operating leases

The Company had minimum lease payments under non-cancellable operating leases as set out below:

	2021 £'000	2020 £'000
Not later than 1 year	21	71
Later than 1 year and not later than 5 years	18	-
	<u>39</u>	<u>71</u>

16 Related party transactions

The Company is included within the consolidated financial statements of C&C Topco Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption under FRS 102 'Related Party Disclosures' from disclosing related party transactions with C&C Topco Limited or other wholly owned subsidiaries which are part of the Group.

17 Ultimate controlling party

The Company is subsidiary of City and County Healthcare Group Limited, a company incorporated in England and Wales.

The only group in which the results of I S S Healthcare Limited are consolidated is that headed by C&C Topco Limited, a company incorporated in England and Wales. Consolidated financial statements are available to the public and may be obtained from Companies House.

At 31 March 2021, the majority of the equity shareholding of C&C Topco Limited were held by Summit Partners Growth Equity Fund X, a series of limited liability partnerships. Accordingly, the directors believe there is no ultimate controlling party.