Registered number: 07068789

CARE UK SOCIAL CARE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

CARE UK SOCIAL CARE LIMITED

COMPANY INFORMATION

Directors	A Knight (appointed 31 October 2019) M Rosenberg (appointed 31 October 2019) J Calow P Whitecross (appointed 6 December 2019, resigned 31 October 2019) M Parish (appointed 31 October 2019)
Registered number	07068789
Registered office	Connaught House 850 The Crescent Colchester Business Park Colchester Essex CO4 9QB
Independent auditor	KPMG LLP Botanic House 100 Hills Road Cambridge CB2 1AR
Bankers	HSBC Bank Plc Midland House 26 North Station Road Colchester Essex CO1 1SY

CARE UK SOCIAL CARE LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors are pleased to present their Strategic Report for the year ended 30 September 2020.

The Company changed its name from Care UK Health and Social Care Limited to Care UK Social Care Limited effective from 29 October 2020.

Care UK Social Care Limited ("the Company") is a subsidiary of Care UK Holdings Limited ("Care UK" or "the Group"), the ultimate controlling parent company.

The Company transitioned to FRS 102 from International Financial Reporting Standards as at 1 October 2018. The prior year numbers have been restated to show FRS 102 disclosures.

Care UK's ongoing strategy is to help older people live happier, healthier and more fulfilling lives. We aim to achieve this by developing our existing care homes. Modern and well-maintained facilities are important to good quality care and the Group will continue to update existing care homes. Whether our customers are publicly or privately funded, the Group will not compromise on meeting individual needs and currently achieved leading quality ratings from UK regulators amongst other similar large providers.

Business review

The Company is an intermediary holding.

Due to its nature the Company does not trade and therefore generates no revenue. The Company's principal activities comprise the provision of finance to the Group and acting as an intermediary holding company. The Company receives interest on its unsecured loans to other members of Care UK. The total amount outstanding from other members of the group as at 30 September 2020 was £85m (2019: £308m). Owing to the nature of the Company's activities it does not have any KPIs.

Net financing expense
Net financing expenses decreased by £7.2m during the year from £19.9m to £12.7m. This was driven by the repayment of loans following the disposal of the Healthcare division. The majority of the financing expense comprises the interest payable on the group's borrowings, all of which have an underlying link to LIBOR. Other non-cash elements of the finance expense include the amortisation of loan arrangement fees including the unwind of the element relating to the old financing structure. As outlined below, in the net debt and cashflow section of this report, the group refinanced during the year in response to impact of the Covid-19 pandemic. This has resulting in Payment-in-Kind (PIK) interest being added to the Term Loan. Other non-cash elements of finance expense include the amortisation of loan arrangement fees, as well as the impact of refinancing.

Taxation
The taxation charge reduced from a charge of £767,000 during the year ended 30 September 2019 to a credit of £1,588,000 during the year ended 30 September 2020.

Principal risks and uncertainties

The board of directors have the overall responsibility for Care UK's approach to assessing risk and the senior management teams are responsible for managing risk and maintaining appropriate control environments.

The principal risks faced by Care UK are set out below:

Covid-19
During the financial year ending 30 September 2020, the world has been fighting the Covid-19 virus pandemic. As reported extensively in the media, the care sector together with the NHS has been at the forefront of this, and the impact has been significant.

As at the date of signing the accounts, the UK has emerged from the 3rd national lockdown, and the rollout of a vaccination programme is well progressed, however precautionary measures and restrictions remain in place.

The Board and Management have taken steps to steer their way through this crisis, however the impact on the company has been considerable. There has been a deduction in occupancy rates and an increase in operating costs including the purchase of Personal Protective Equipment (PPE), introducing additional infection control measures, implementing testing and vaccination programmes, and facilitating visitation of relatives.

Key metrics have been, and continue to be, monitored closely by the Board and Management, such as: home level outbreaks, test results and vaccination coverage; occupancy, staffing levels and Covid-19 related sickness; supply of PPE and mobilisation of infection control measures. Management have worked alongside key suppliers, in particular of PPE, visitation and infection control equipment, agency workers, food and medicines, in order to mitigate any shortage in supply. They have also been working with local authorities, CCGs, NHS, relatives, and residents to provide reassurance and the best possible care for our residents, despite these difficult circumstances.

Government support to the sector, and therefore the company, has been important throughout this pandemic. Covid-19 support funding streams have been provided direct by local authorities, as well as nationally led funding in the form of the Coronavirus Job Retention Scheme ('Furlough'), the Infection Control Fund (ICF). Claims have been made against these funds, as detailed in note 5 to the accounts.

The impact of the virus has had a significant impact on the Group's profitability and cashflow.

Due to the inherent unpredictable nature of the crisis the Directors cannot readily determine the medium to long term impact of the crisis upon the Group, including:

(i) the extent of NHS / Local Authority and self pay demand for vacant beds, and the associated speed of admissions recovery;
(ii) the degree of continued financial support from the Government, as the care sector emerges from Covid-19 operating restrictions;
(iii) the impact of ongoing Covid-19 related precautionary measures and restrictions, on rates of admission and the operations (and associated costs) of the business in the medium to long term; and
(iv) the impact of new Covid-19 virus variants and mutations on the efficacy of the current vaccines, and associated speed of scientific response to develop new versions and mobilisation of vaccination programmes to control the rate of spread.

Based on the above bank support, the Directors believe that it remains appropriate to prepare the financial statement on a going concern basis. Nevertheless, the Directors consider the downside risks of COVID-19 on the group's occupancy levels and cashflows to represent a material uncertainty that may cast doubt on the Group and Company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Competition and Markets Authority ("CMA")
In February 2019, the CMA issued a claim against Care UK under the Enterprise Act 2002. The claim relates to past conduct when Care UK used to charge a one-off upfront admission fee. Care UK stopped charging this fee in August 2018. Care UK has taken advice from specialist legal counsel and believes that it is in a strong position to defend the claim and accordingly no provision has been made for redress in the statutory accounts.

Market risks
The Group relies on providing services to publicly funded entities in the United Kingdom such as Local Authorities and the NHS, typically through Clinical Commissioning Groups, for a proportion of its revenue and any material reduction in the revenue earned from such services could adversely impact the Group's business, results of operations and financial condition.

A proportion of revenue is derived from contracts with these bodies, and if the Group is unable to renew them or replace them with comparable contracts, it could suffer a substantial reduction in revenues.

These risks are mitigated by a diversified by contract income stream, sector leading quality and strong relationship management.

The Group's strategy is partly based on growth derived from increased levels of consumer demand for certain of its services or the increased influence of consumers in the choice of the provider of care to them and, as a result, its future growth is dependent on maintaining the quality of its services, consumer perception of that quality and on its ability to market these services effectively.

This risk is mitigated by sector leading quality, investment in marketing and close attention to consumer needs and expectations.

Inflation risks
The Group earns revenue from long term contracts and, as a result, a failure accurately to predict and account for future cost increases or to overestimate its ability to efficiently deliver the services that it contracts to provide could affect its profitability.

Future changes in the rate of the National Living Wage ("NLW") will have a significant impact on labour costs for the social care sector and level of recovery through fee increases is uncertain. Failure to recover such costs would have a negative impact on margin.

This risk is mitigated by careful cost control.

Regulatory risks
The Group operates in a highly regulated business environment and failure to comply with regulations could lead to substantial penalties, including embargo of new resident admissions through to the loss of the registration certificates necessary to continue to trade.

The Group operates stringent quality policies and procedures, together with rigorous internal governance audit and oversight to ensure the safety of our residents.

Liquidity risk
The Group has access to a Revolving Credit Facility (RCF) for managing working capital requirements. In addition to this, the Group is funded by a Facility term loan (Facility B Term loan). Covenants apply to these funding arrangements which limit operating and financial flexibility if the Group defaults under these covenants.

The financing and debt arrangements are subject to an element of variable interest rates and any increases in interest rates in the future could significantly increase costs and reduce cash flow.

There is also a risk, due to macroeconomic factors, that long-term financing, including for the development of new facilities or modifications of existing facilities, may not be available on acceptable terms in the future.

The Group's activities and debt financing expose it to a variety of financial risks, the most significant of which are cash flow interest rate risk, price risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse impacts on its financial performance.

Strong working relationships are maintained with our banking partners, to facility the regular provision of compliance reporting, and oversight of key issues impacting the business. In addition, prudent liquidity management policies are applied that include the preparation of regular detailed cash flow forecasts to monitor liquidity and compliance with the covenants.

Credit risk
A large proportion of the Group's revenue is derived from privately funded customers, and as a result there is potential exposure to credit risk.

The risk of an extended recessionary period and weak macro economic conditions generally may have an adverse effect on personal disposable income and/or the values of assets available to pay for care fees.

The risk is not considered material, and adequate provisions are made in the financial statements.

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

Corporate governance
The Board consider the annual report and financial statements to comply with the Wates Principles of corporate governance, as outlined below:

Our vision and values
Care UK want to be the UK's favourite care provider, helping residents lead fulfilling lives. Care UK will do this by being the best operator, delivering the best care and quality and investing in its people and environments.

- Fulfilling Lives is the core purpose
- "Every one of us makes a difference" is the belief that drives Care UK
- Caring, Passionate and Teamwork are the values that underpin everything Care UK does

Fulfilling lives has given Care UK a framework to focus on our key strategic priorities for care quality, and increasingly it has become an approach that informs every aspect of the business. Care UK's Board has developed a strategy and business model to generate long-term sustainable value.

Care UK can only deliver Fulfilling lives if everyone commits to living the values in everything Care UK does. The Board, shareholders and management are committed to these values and have ensured they are embedded into the functions and operations of the business, including care quality governance, employment practices, risk management and compliance frameworks. This is monitored through resident and relatives feedback surveys and studies, Care UK's Colleague Voices employee engagement programme and working closely with regulators.

Board composition, responsibilities, and obligations
Care UK's Board comprises six Individuals, four of whom are non-executive and two executives, the CEO and CFO. Two of the non-executives represent the majority shareholder. The Chairperson is also an independent non-executive.

Board members possess the required combination of skills, backgrounds, experience and knowledge for their roles to: provide constructive challenge and criticism; enable effective decision-making; and to promote responsibility, integrity and accountability through its corporate governance practices.

Full Board meetings are held monthly and the following sub-committees are in place:
- The Audit Committee,
- The Remuneration Committee

These committees are chaired by Non-Executives and meet as required. The Board retains responsibility for all final decisions.

The terms of each committee are set out in the Delegation of Authorities Matrix, including authorities delegated to it.

The Board act in the way they consider, in good faith, are most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to:

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 standards of business conduct; and
f) The need to act fairly as between members of the company

The Board continuously review governance processes to ensure that they remain fit for purpose.

Opportunity and risk
Creating and preserving value over the long-term is of paramount importance to the Board, who regularly assess the sources of value, both tangible and intangible, and the stakeholders that contribute to it. All new business opportunities to create value, and threats that may adversely impact value, are reviewed, considered, mitigated and approved, as appropriate, at board level.

The Board has responsibility for the organisation's overall approach to strategic decision-making and effective risk management, with oversight of risk and how they are managed, and appropriate accountability to stakeholders. The Board has established an internal control framework and systems that are in place to manage and mitigate both emerging and principal risks.

Remuneration
The Board has established executive remuneration structures that are aligned with performance, behaviours, and the achievement of company purpose, values and the delivery of long-term sustainable success. This takes account of the broader operating context, including the pay and conditions of the wider workforce and the company's response to matters such as any gender pay gap.

Remuneration decisions have been delegated to the Remuneration Committee, which is chaired by a Non-Executive Director. It is responsible for designing remuneration policies and structures for Directors, senior management, and the wider organisation.

Stakeholder relationships and engagement
The Board foster effective stakeholder relationships aligned to the Group's purpose. The Board oversees meaningful engagement with stakeholders and has regard to their views when taking decisions. Stakeholders include the workforce, customers and suppliers, regulators, creditors, and community groups.

In this context, acting in good faith and fairly, the directors consider what is most likely to promote the success of the group for its members in the long term.

During the year ended 30th September 2020 the key decision made by the board of directors which was determined to have a long-term impact on the business was on 20 September 2020, to refinance the Term Loan (Facility B) in response to the Covid-19 pandemic, as outlined above.

The Group recognises the potential impact of this key decision on our business operations. Our corporate responsibility is to provide long-term prosperity to stakeholders by balancing the social, economic and environmental choices we make. We actively promote safe ethical and sustainable working practices, and the Group's adherence to these principles will continue to be the bedrock for long-term success.

This report was approved by the board on 28 June 2021 and signed on its behalf.

M Rosenberg
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their report and the financial statements for the year ended 30 September 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Principal activity

The Company's principal activities comprise the provision of finance to the Group and acting as an intermediary holding company.

Results and dividends

The loss for the year, after taxation, amounted to £11,105,000 *(2019 - profit £19,092,000)*.

No interim dividend (2019: £nil) was paid in the year. A final ordinary dividend of £159,797,000 (2019: £nil) was paid in respect of the current year.

Post balance sheet events

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

Directors

The directors who served during the year were:

A Knight (appointed 31 October 2019)
M Rosenberg (appointed 31 October 2019)
J Calow
P Whitecross (appointed 6 December 2019, resigned 31 October 2019)
M Parish (appointed 31 October 2019)

Section 172(1) statement

The Board of Directors consider the interests of key stakeholders when performing their duties to promote the long-term success of the group. Outlined below the directors explain how they:

- engage with employees, suppliers, customers and others; and
- have had regard to the employee interests, the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regards, including the principal decisions taken by the company during the financial year.

Engagement with regulators
In addition to Care UK's internal governance framework, Care UK services operate within a robust, externally validated governance structure which provides a strong focus on clinical safety, transparency, learning and improvement as well as rigorous financial oversight. Care UK's external governance includes the following components:

- The Care Act 2014 - The 2014 Care Act provides an overarching piece of legislation addressing the way in which care is provided by local authorities and has significant implications for providers. The Act, the first part of which was implemented in April 2015, establishes a principle of wellbeing in law, sets requirements for assessment, eligibility, planning and safeguarding process, creates a market oversight process to manage provider failure, sets out future funding reforms and established a Duty of Candour with which providers must comply.

  Implementation of the second part of the Act, principally addressing funding reforms, has been delayed from the planned April 2016 date.

- Market oversight - The Care Quality Commission (CQC) is required by the Care Act to operate a statutory market oversight scheme in the social care sector, to assess the financial sustainability of those care organisations, including Care UK, that local authorities would find difficult to replace should they become unable to deliver services.

  Care UK is included within the scheme because it meets eligibility criteria based on size, number of services and number of employees and as such provides CQC with appropriate financial and operational information.

- Quality inspections in England, Scotland and Wales - Social care services are regulated in England by the Care Quality Commission (CQC), in Scotland by the Care Inspectorate and in Wales by the Care and Social Services Inspectorate Wales. The majority of Care UK's service are inspected by CQC.

  In England, CQC has fully introduced new inspection models for health and social care services, asking five key questions of every provider or service: is it safe, is it effective, is it caring, is it responsive and is it well-led. Each question, as well as providing an overall rating for the home, is rated as one of inadequate, requires improvement, good or outstanding. There is little scope to appeal the judgement rating inherent in this system. The ratings are publicised by the CQC on their website in relation to each home that they regulate.

  Care UK agrees with the principles underpinning the approach and believes that an effective inspection regime is an appropriate tool to drive and secure high quality, safe services.

  CQC can impose conditions on services which fail to meet appropriate standards of care, including placing individual services in special measures, placing embargoes on admissions to particular services, requiring and monitoring action and improvement plans and, in extreme cases, suspending or revoking registration (which means in effect closing the home as it is a criminal offence to provide regulated services without registration).

CQC also have prosecution powers and are increasingly investigating care providers where they seem to have failed to provide safe care to residents.

In Scotland, similar functions are carried out by the Care Inspectorate. In Wales, responsibility is held by the Care and Social Services Inspectorate Wales.

Care UK fosters strong working relationships with its regulators to drive the best quality of care, in line with our strategic values.

Engagement with suppliers and customers
It is recognised that it is essential for the continued success and reputation of the group to maintain positive relationships with our customers, suppliers and our financing partners.

The group regularly reviews how it engages with these stakeholders. This is achieved through the transfer of information provided by senior management and by direct engagement with the stakeholders themselves.

We are committed to providing consistent, high quality service to our customers and regularly engage with our residents and relatives to ask for their feedback. We use this feedback to develop robust action plans to ensure we have a programme of continuous improvement. We encourage openness and the honest reporting of any issues and, in the event of any performance or service shortcomings, we ensure a full and open review is carried out and shared widely.

Care UK does not follow a specific code or statement on payment practice for suppliers. However, it is the company's policy to pay its suppliers in accordance with the payment terms agreed at the outset of the relationship providing the supplier adheres to its obligations.

Strong working relationships are maintained with our financing partners, to facilitate the regular provision of compliance reporting, and oversight of key issues impacting the business.

Engagement with employees (Colleagues)
At Care UK, we believe we thrive because our people love what they do and because they connect with our core value – to fulfil lives.

We want our people to flourish and be positive advocates of our organisation. We are committed to providing an engaging and inclusive environment for everyone who works with us regardless of their background, beliefs or personal context. We promote policies that ensure equal opportunities for all colleagues regardless of factors such as gender, marital status, race, age, sexual preference and orientation or ethnic origin.

The following table shows our current gender diversity:

	2020		2019	
	Male %	Female %	Male %	Female%
Board of directors	100	-	100	-
Senior managers*	40	60	40	60
Other employees	17	83	17	83

* Senior managers are comprised of the members of the executive committee (unless already included within the board of directors) and members of the executive teams.

Our people policies reflect the changing needs of society, offering a range of family friendly opportunities and flexible ways of working to ensure those who choose to work with us can balance their commitments both in and out of work.

We regularly review and assess our policies with equality in mind and we are committed to making reasonable adjustments to both our policies and our processes where individual or Group need arises.

It is Group policy to give fair consideration to the employment needs of disabled people to comply with current legislation with regard to disabled persons and, wherever practicable, to continue to employ and promote the careers of existing employees, who become disabled and to consider disabled persons for employment, subsequent training, career development and promotion on the basis of their aptitude and abilities.

We communicate with our people through a range of channels including face to face meetings and forums, newsletters and most importantly our intranet, which is available to colleagues both in the workplace and via their personal mobile devices.

Our annual 'Over to you!' survey helps us to understand what's important to our people and develop business strategies that reflect what our people tell us. Action planning takes place at local and corporate level.

We provide all colleagues with a free employee assistance programme to help them deal with personal and domestic issues via telephone or face to face counselling. Support can range from simple advice and guidance right through to cognitive behavioural therapy. Online resources offer health quizzes and lifestyle advice.

Occupational Health Services help us keep our people well at work both physically and mentally. Occupational Health also helps us ensure that any health-related risks at work are managed and our people kept safe from any potential work related sickness.

We ensure that throughout our business, we support our managers to deliver benchmark employment practices through the provision of a 24/7 employment advice helpline. The helpline provides prompt and timely advice to help managers deal with people issues effectively, fairly and consistently.

Engagement with Local communities
We understand that as a Group we impact directly on the communities in which we operate and therefore we ensure all of our decision-making is supported by analysis of impacts both internal to our organisation and external. We are constantly striving to find better ways to deliver our services.

Key social and community issues for us include considering how we can have a positive impact on our local social and business community. The ways in which we can achieve this include the following:

- Colleague participation in local community help schemes
- Colleague participation in national charity fundraising events
- 'Matched Funding - Working in The Community' scheme, whereby every year, hundreds of colleagues take part in fundraising for their favourite charities.
- Annual fund raising events in our main offices (e.g. the BBC 'Children in Need' appeal).

Greenhouse gas emissions, energy consumption and energy efficiency action

Energy Efficiency actions taken this year
As described in the Strategic Report, from March 2020 the Group had to focus all employee activity to protecting residents and colleagues from Covid-19. This meant that less effort was put into increasing our energy efficiency through our colleagues and employees than we planned, but we continued to improve our energy efficiency through our facilities maintenance policy and New Build design specification.

Colleague engagement is achieved through our Eco-Ambassadors Campaign. This comprises colleagues who volunteer to act as the 'environmental conscience' of their home by demonstrating and encouraging energy and water saving best practice amongst their colleagues. Due to Covid-19 less effort was put into this area than normal but we used this opportunity to prepare a new intra-net site and training materials to re-launch this initiative once the pandemic is over.

The facilities maintenance policy stipulates that when an energy consuming asset needs replacing we install the most energy efficient solution within the constraints of the relevant statutory specification. So, for example, we continued to replace fluorescent lamps with LED lamps. The policy also ensures that we are continually optimising the performance of our energy saving assets – such as the combined heating and power units.

The New Build design specification contributes to our efforts to reduce emissions by including the requirement to fit energy efficient assets such as solar PV or combined heat and power units, install electric vehicle charging points where practical and operate travel plans to minimise our employee business travel emissions.

Streamlined Energy and Carbon Reporting (SECR) Methodology
Energy Consumption and Emissions: Our consumption was collected using the energy bills from our suppliers except for electricity in one home where we pay for the electricity via the service charge. The emissions were calculated from the kWh using the 2020 conversion factors published on the government's SECR website.

Transport and Business Travel Emissions: We do not directly purchase any fuel for transport. The business travel mileage was collected from the employee expenses claim system. The related emissions were calculated from the miles using the conversion factors published on the government's SECR website.

Summary of greenhouse annualised gas emissions and energy consumption for the financial year:

	Unit	Value
Energy consumption used to calculate emissions	kWh	94,954,961
Emissions from combustion of gas	tCO2e	11,990
Emissions from combustion of fuel for transport purposes	tCO2e	-
Emissions from business travel in rental cars or employee -owned vehicles where company is responsible for purchasing the fuel	tCO2e	129
Emissions from purchased electricity	tCO2e	6,978
Total gross emissions	tCO2e	19,097
Intensity ratio	kgCO2e per Bed	2,282.9

Intensity Factor
In selecting the intensity factor that would give the best indication of our energy efficiency overall it was noted that i) 99.3% of our emissions are from gas and electricity (only 0.3% from travel), and ii) 99.4% of our gas and electricity is used by the care homes. Therefore we decided that the most representative intensity factor for the business as a whole would be one that normalised the emissions from the care homes. We also decided that the simplest measure of their output is the number of beds in the home. Therefore the intensity metric we chose for the company is "Care Home emissions per bed".

Human rights

We respect Human rights. We have a zero-tolerance approach to modern slavery and we are committed to acting ethically and with integrity in all our business dealings and relationships. We are also committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains.

Anti-corruption and bribery

It is our policy to conduct all of our business in an honest and ethical way. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate. The requirement to comply with Care UK's internal policies forms part of an individual's terms of employment and there are processes available to deal with instances of non-compliance. Care UK believes these policies operate effectively and also recognises the importance of robust processes to mitigate against both the likelihood and the impact of risks crystallising.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 June 2021 and signed on its behalf.

M Rosenberg
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARE UK SOCIAL CARE LIMITED

Opinion

We have audited the financial statements of CARE UK SOCIAL CARE LIMITED (the 'Company') for the year ended 30 September 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates the downside risks of COVID-19 on the group's occupancy levels and cashflows and the impact this might have on the group's ability to meet its bank covenants. These events and conditions, along with the other matters explained in note 2.3, constitute a material uncertainty that may cast significant doubt on the group's and the parent company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

Ian Brokenshire

Ian Brokenshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Regus, 4th Floor

Salt Quay House

6 North East Quay

Plymouth

PL4 0HP

29 June 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 £000	*2019 (as restated) £000*
Administrative expenses		-	*1*
Operating profit		-	*1*
Interest receivable and similar income	6	**5,107**	*37,852*
Interest payable and expenses	7	**(17,800)**	*(17,994)*
(Loss)/profit before tax		**(12,693)**	*19,859*
Tax on (loss)/profit	8	**1,588**	*(767)*
(Loss)/profit for the financial year		**(11,105)**	*19,092*
Other comprehensive income for the year			
Total comprehensive income for the year		**(11,105)**	*19,092*

The notes on pages 21 to 38 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note		2020 £000		2019 (as restated) £000
Fixed assets					
Investments	10		**280,359**		*280,359*
			280,359		*280,359*
Current assets					
Debtors: amounts falling due after more than one year	11	**85,267**		*307,631*	
Cash at bank and in hand	12	**2**		*3*	
		85,269		*307,634*	
Creditors: amounts falling due within one year	13	**(266)**		*(3,142)*	
Net current assets			**85,003**		*304,492*
Total assets less current liabilities			**365,362**		*584,851*
Creditors: amounts falling due after more than one year	14		**(195,416)**		*(244,003)*
Net assets			**169,946**		*340,848*
Capital and reserves					
Called up share capital	16		**58,989**		*210,676*
Other reserves			**22,143**		*22,143*
Profit and loss account			**88,814**		*108,029*
			169,946		*340,848*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 June 2021.

M Rosenberg
Director

The notes on pages 21 to 38 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 October 2019	**210,676**	**22,143**	**108,029**	**340,848**
Comprehensive income for the year				
Loss for the year	-	-	**(11,105)**	**(11,105)**
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	**(11,105)**	**(11,105)**
Dividends: Equity capital	-	-	**(159,797)**	**(159,797)**
Capital reduction	**(151,687)**	-	**151,687**	-
Total transactions with owners	**(151,687)**	-	**(8,110)**	**(159,797)**
At 30 September 2020	**58,989**	**22,143**	**88,814**	**169,946**

The notes on pages 21 to 38 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 October 2018	**210,676**	**15,735**	**88,937**	**315,348**
Comprehensive income for the year				
Profit for the year	-	-	**19,092**	**19,092**
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	**19,092**	**19,092**
Other movement type 1	-	**6,408**	-	**6,408**
Total transactions with owners	-	**6,408**	-	**6,408**
At 30 September 2019	**210,676**	**22,143**	**108,029**	**340,848**

The notes on pages 21 to 38 form part of these financial statements.

1. General information

The Company is a wholly owned subsidiary of Care UK Investments Limited, which is registered in England and Wales.

Registered office: Connaught House, 850 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9QB.

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.

Information on the impact of first-time adoption of FRS 102 is given in note 20.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Care UK Holdings Limited as at 30 September 2020 and these financial statements may be obtained from Connaught House, 850 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9QB.

2. Accounting policies (continued)

2.3 Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report on page 2. The company has access to funds provided by Care UK Limited, a parent company.

Notwithstanding the company's loss before taxation for the year ended 30 September 2020 of £12,693,000 (2019: profit £19,859,000), the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

At 30 September 2020 the Group was financed by £73.1m of cash, £201.5m of term loan, £47.7m of Property development facility financing, £20.0m of revolving credit facility, £57.0m of loan notes with related parties and the group had outstanding preference share liabilities of £248.8m, with additional accrued interest on the loan notes and preference shares of £327.2m.

The impact of the virus has had a significant impact on the Group's profitability and cashflow.

At 31 May 2021, the Group was financed by £61.4m of cash, £205.1m of term loan, £75.0m of Property development facility financing, £57.0m of loan notes with related parties and the Group has outstanding preference share liabilities of £248.8m and additional accrued interest on these of £296.8m.

Covid-19
During the financial year ending 30 September 2020, the world has been fighting the Covid-19 virus pandemic. As reported extensively in the media, the care sector together with the NHS has been at the forefront of this, and the impact has been significant.

As at the date of signing the accounts, the UK has emerged from the 3rd national lockdown, and the rollout of a vaccination programme is well progressed, however precautionary measures and restrictions remain in place.

The Board and Management have taken steps to steer their way through this crisis, however the impact on the group has been considerable. There has been a deduction in occupancy rates and an increase in operating costs including the purchase of Personal Protective Equipment (PPE), introducing additional infection control measures, implementing testing and vaccination programmes, and facilitating visitation of relatives.

Key metrics have been, and continue to be, monitored closely by the Board and Management, such as: home level outbreaks, test results and vaccination coverage; occupancy, staffing levels and Covid-19 related sickness; supply of PPE and mobilisation of infection control measures. Management have worked alongside key suppliers, in particular of PPE, visitation and infection control equipment, agency workers, food and medicines, in order to mitigate any shortage in supply. They have also been working with local authorities, CCGs, NHS, relatives, and residents to provide reassurance and the best possible care for our residents, despite these difficult circumstances.

Government support to the sector, and therefore the company, has been important throughout this pandemic. Covid-19 support funding streams have been provided direct by local authorities, as well as nationally led funding in the form of the Coronavirus Job Retention Scheme ('Furlough') and the Infection Control Fund (ICF). Claims have been made against these funds, as detailed in note 5 to the accounts.

2. Accounting policies (continued)

2.3 Going concern (continued)

The impact of the virus has had a significant impact on the Group's profitability and cashflow. The Group obtained support in the form of a bank financial covenant waiver for its leverage covenant until September 2021, and a liquidity injection of up to £15m from the bank in the form of PIK interest on the term loan, matched by a further £15m internal transfer from cash reserves of Care UK Property Holdings Limited, a subsidiary of Care UK.

Due to the inherent unpredicatble nature of the crisis the Directors cannot readily determine the medium to long term impact of the crisis upon the Group, including:

(i) the extent of NHS / Local Authority and self-pay demand for vacant beds, and the associated speed of admissions recovery;
(ii) the degree of continued financial support from the Government, as the care sector emerges from Covid-19 operating restrictions;
(iii) the impact of ongoing Covid-19 related precautionary measures and restrictions, on rates of admission and the operations (and associated costs) of the business in the medium to long-term; and
(iv) the impact of new Covid-19 virus variants and mutations on the efficacy of the current vaccines, and associated speed of scientific response to develop new versions and mobilisation of vaccination programmes to control the rate of spread.

Based on the above bank support, the Directors believe that it remains appropriate to prepare the financial statement on a going concern basis. Nevertheless, the Directors consider the downside risks of COVID-19 on the group's occupancy levels and cashflows to represent a material uncertainty that may cast doubt on the Group and Company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

2.4 Operating leases: the Company as lessor

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

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.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 October 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.5 Interest income

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

2. Accounting policies (continued)

2.6 Finance costs

Finance costs are charged to profit or loss 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.

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 Taxation

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.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.10 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.

2.11 Creditors

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

2. Accounting policies (continued)

2.12 Financial instruments

Financial instruments are following IFRS 9 for recognition and measurement.

(i) Recognition and initial measurement

Trade receivables and debt liabilities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the underlying contract. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

Classification
On initial recognition, a financial asset is classified and measured at either amortised cost, fair value through other comprehensive income ("FVOCI") or at fair value through the income statement ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets.

- A financial asset is measured at amortised cost if it is held for the purpose of collecting contractual cashflows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- A debt investment is measured at FVOCI if the business model relates to both collecting contractual cashflows and selling financial assets and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- A company may designate an equity investment that is not held for trading as FVOCI and can choose to make that designation on an investment by investment basis.

- Any financial asset not held at either amortised cost or FVOCI are held at FVTPL which includes all derivative financial assets.

All financial assets within the group are currently held at amortised cost.

Subsequent measurement
- Financial assets at FVTPL- these are subsequently measured at fair value unless hedge accounting is applied. Net gains and losses, including any interest or dividend income are recognised in profit or loss.

- Financial assets at amortised cost- these are subsequently measured at amortised cost using the effective interest method, with carrying value reduced by any impairment losses. Interest income, foreign exchange gains and losses, impairment and any gains or losses on de-recognition are recognised in profit or loss.

2. Accounting policies (continued)

- Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

- Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity
Financial instruments issued by the Company are treated as equity only to the extent that they include no contractual obligations upon the company to deliver or exchange either cash or other financial assets and where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments
Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

(iii) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets. The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

2. Accounting policies (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

2.13 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.

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

The preparation of the financial statements in conformity with FRS 102 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year then ended. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

Estimates are used in accounting for allowances for uncollectable receivables, taxes, and contingencies. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the year that an adjustment is determined to be required.

Management regularly discusses with the Group Audit Committee the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates.

4. Auditor's remuneration

Audit fees of £6,000 (2019: £6,000) for the Company have been borne by another group entity. There were no other amounts receivable by the auditor in relation to other services provided to the Company (2019: £nil).

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

5. Employees

The Company has no employees other than the directors who received no emoluments during the financial year ended 30 September 2020 for their services to the company (2019: £nil).

The emoluments of R Pearman, A Knight and M Rosenberg for services to the Care UK Ltd Group are paid by and disclosed within the accounts of Care UK Community Partnerships Ltd.

The emoluments of M Parish, J Calow and P Whitecross for services to the Care UK Ltd Group are paid by and disclosed within the accounts of Care UK Health and Social Care Investments Ltd.

6. Interest receivable

	2020	*2019*
	£000	*£000*
Interest receivable from group companies	**5,107**	*37,851*
Other interest receivable	**-**	*1*
	5,107	*37,852*

7. Interest payable and similar expenses

	2020 £000	*2019* *£000*
Other loan interest payable	**17,818**	*17,860*
Loans from group undertakings	**-**	*122*
Other interest payable	**(18)**	*12*
	17,800	*17,994*

8. Taxation

	2020 £000	*2019* *£000*
Corporation tax		
Current tax on profits for the year	**-**	*616*
Adjustments in respect of previous periods	**(1,588)**	*151*
	(1,588)	*767*
Total current tax	**(1,588)**	*767*
Deferred tax		
Total deferred tax	**-**	-
Taxation on (loss)/profit on ordinary activities	**(1,588)**	*767*

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2019 - lower than)* the standard rate of corporation tax in the UK of 19% *(2019 - 19%)*. The differences are explained below:

	2020 £000	*2019 £000*
(Loss)/profit on ordinary activities before tax	**(12,693)**	*19,859*
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**(2,412)**	*3,773*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1,604**	*-*
Adjustments to tax charge in respect of prior periods	**(1,588)**	*151*
Unrelieved loss carried back	**808**	*-*
Group relief	**-**	*(3,157)*
Total tax charge for the year	**(1,588)**	*767*

Factors that may affect future tax charges

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the group's future tax charge.

9. Dividends

	2020 £000	*2019 £000*
Dividends paid	**159,797**	*-*
	159,797	*-*

10. Investments

	Investments in subsidiary companies £000
Cost	
At 1 October 2019	**280,359**
At 30 September 2020	**280,359**

Subsidiary undertakings

The following principal subsidiary and joint venture undertakings, which are incorporated in England and Wales and operate in the UK, have been included in the consolidated financial statements. They all have a registered office at Connaught House, 850 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9QB and are all indirectly held by the holding company; unless otherwise stated:

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Care UK Community Partnerships (Suffolk) Limited	Ordinary	100%
Care UK Community Partnerships Limited	Ordinary	100%
Care UK Limited	Ordinary	100%
CHS (Kincardine) Limited	Ordinary	100%
CHS Healthcare Limited	Ordinary	100%
Community Health Services Limited	Ordinary	100%
Lanemile Limited	Ordinary	100%
Ellerash Limited	Ordinary	100%
Wigmore 1 Limited	Ordinary	100%

10. Investments (continued)

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 30 September 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Profit/(Loss) £000
Care UK Community Partnerships (Suffolk) Limited	**(1,443)**	**-**
Care UK Community Partnerships Limited	**134,500**	**3,200**
Care UK Limited	**(79,100)**	**153,700**
CHS (Kincardine) Limited	**1,017**	**(175)**
CHS Healthcare Limited	**3,754**	**173**
Community Health Services Limited	**10,702**	**2,584**
Lanemile Limited	**1,803**	**230**
Ellerash Limited	**1,175**	**-**
Wigmore 1 Limited	**101**	**-**

11. Debtors

Due after more than one year		
Amounts owed by group undertakings	**85,267**	*307,631*
	85,267	*307,631*

12. Cash and cash equivalents

	2020 £000	*2019 £000*
Cash at bank and in hand	**2**	*3*
	2	*3*

13. Creditors: Amounts falling due within one year

	2020 £000	*2019 £000*
Corporation tax	-	*216*
Accruals and deferred income	**266**	*2,926*
	266	*3,142*

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

	2020 £000	*2019 £000*
Bank loans	**195,416**	*244,003*
	195,416	*244,003*

Facility B Term Loan
On 25 October 2020, the group disposed of its Healthcare business and repaid £55.0m of the Facility B Term Loan reducing the principal loan value to £195m. The facility was further refinanced on 25 September 2020 to allow for interest to be rolled up into the loan, as Payment-in-Kind (PIK) interest. This incurred a £1.95m fee that was added to the loan value. The margin payable on any loan utilisation had a new upper margin added to give a range of interest of 5.0% to 6.0% above LIBOR depending on the total net leverage of the group which is paid in arrears based on agreed utilisation period. Interest during the PIK period is subject to a further 1% margin. At 30 September 2020, the Loan value including refinancing fees and PIK interest stood at £201.5m. The termination date of Facility B is 25th July 2024.

15. Loans

Analysis of the maturity of loans is given below:

	2020 £000	*2019 £000*
Amounts falling due after more than 5 years		
Bank loans	**195,416**	*244,003*
	195,416	*244,003*
	195,416	*244,003*

16. Share capital

	2020	*2019*
	£000	*£000*
Allotted, called up and fully paid		
210,676,211 *(2019 - 210,676,211)* Class A shares of £0.28 each (2019 - £1 each)	**58,989**	*210,676*

The share capital of the company has been reduced by £151,686,871.92 from £210,676,211 to £58,989,339.08 by cancelling and extinguishing capital to the extent of £0.72 on each issued fully paid up ordinary share of £1 each in the Company and reducing the nominal value of each issued fully paid up ordinary share from £1 to £0.28 and the amount by which the share capital is so reduced be credited to a reserve.

17. Contingent liabilities

Amounts owed to group undertakings

Amounts owed to group undertakings due in more than one year include an unsecured loan from a parent undertaking, Care UK Social Care Limited.

Interest is payable on the amount of the advance outstanding at a rate above LIBOR agreed between the parties. For amounts owed to Group undertakings due within one year these are unsecured, repayable on demand and carry no interest charge.

In addition the company is a guarantor to the funding arrangements disclosed in the financial statements of Care UK Investments Limited – please refer to those financial statements for full details; a brief summary of which is given below.

(a) Terms and conditions

This note details the terms and conditions attached to the Facility B Term Loan Revolving Credit Facility and the loan from related party. The terms of the Facility B Term Loan was amended as part of a re-financing exercise on 25th September 2020.

(i) Facility B Term Loan

On 25th October 2019, the group disposed of its Healthcare business and repaid £55.0m of the Facility B Term Loan reducing the loan value to £195m. The facility was refinanced on 25th September 2020 to allow for the waiver the leverage covenant until 30 September 2021, and a liquidity injection of up to £15m from the bank in the form of payment-in-kind (PIK) interest . This incurred a £1.95m fee that was added to the loan value. The margin payable on any loan utilisation had a new upper margin added to give a range of interest of 5.0% to 6.0% above LIBOR depending on the total net leverage of the group which is paid in arrears based on the agreed utilisation period. PIK Interest is subject to a further 1% margin. At 30 September 2020, the Loan value, including refinancing fees and PIK interest, stood at £201.5m. The termination date of Facility B is 25th July 2024.

(ii) Revolving Credit Facility

The Revolving Credit Facility of £37.5m was reduced to £20m following the group's disposal of its Healthcare business on 25th October 2019. The margin payable on any loan utilisation under the RCF is in the range of 2.25% to 3.25% above LIBOR depending on the total net leverage of the group. Each utilisation under the facility is repayable and capable of being redrawn at the end of each interest period. The final repayment date is 25 January 2024.

Competition and Markets Authority

In February 2019 the CMA issued a claim against Care UK under the Enterprise Act 2002. The claim relates to past conduct when Care UK used to charge a one off upfront admission fee. Care UK stopped charging this fee in August 2018. Care UK has taken advice from specialist legal counsel and believes that it is in a strong position to defend the claim and accordingly no provision has been made in the statutory accounts.

18. Related party transactions

(a) Identity of related parties
The company has a related party relationship with its subsidiaries and with its directors and executive officers.

(b) Company transactions with Subsidiaries
The group centrally manages its financing arrangements. Amounts are transferred within the group, dependent on the operational needs of individual companies. The directors do not consider it meaningful to set out the gross amounts of transfers between individual companies. Similarly, the directors do not consider it meaningful to set out the interest and dividend payments made within the group as these are a function of the group's central financing arrangements. There are no provisions or expenses recognised for doubtful debts with subsidiary undertakings.

There were no income statement transactions between the Company and any related parties during the year ended 30 September 2020 (2019: none).

(c) Transactions with key management personnel
(i) Identity
The group and company have identified key management personnel as being the directors of the company and the members of the executive committee.

(ii) Shareholdings
No directors or other key management personnel hold any of the issued ordinary share capital of the company. Certain management have the opportunity to purchase shares in their employing company.

19. Controlling party

The company's ultimate parent company and controlling party is Care UK Holdings Limited, which is registered in England and Wales.

The company's immediate parent company is Care UK Investments Limited, which is registered in England and Wales.

Copies of the financial statements of Care UK Holdings Limited, which include the consolidated results of this company, are available from its registered office at Connaught House, 850 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9QB.

20. First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 October 2018. The impact of the transition to FRS 102 is as follows:

	Note	*As previously stated 1 October 2018 £000*	*Effect of transition 1 October 2018 £000*	**FRS 102 (as restated) 1 October 2018 £000**	*As previously stated 30 September 2019 £000*	*Effect of transition 30 September 2019 £000*	**FRS 102 (as restated) 30 September 2019 £000**
Fixed assets		*280,359*	-	**280,359**	*280,359*	-	**280,359**
Current assets		*312,442*	-	**312,442**	*307,634*	-	**307,634**
Creditors: amounts falling due within one year		*(233,691)*	-	**(233,691)**	*(3,142)*	-	**(3,142)**
Net current assets		*78,751*	-	**78,751**	*304,492*	-	**304,492**
Total assets less current liabilities		*359,110*	-	**359,110**	*584,851*	-	**584,851**
Creditors: amounts falling due after more than one year		*(43,762)*	-	**(43,762)**	*(244,003)*	-	**(244,003)**
Net assets		*315,348*	-	**315,348**	*340,848*	-	**340,848**
Capital and reserves		*315,348*	-	**315,348**	*340,848*	-	**340,848**

20. First time adoption of FRS 102 (continued)

	Note	*As previously stated 30 September 2019 £000*	*Effect of transition 30 September 2019 £000*	**FRS 102 (as restated) 30 September 2019 £000**
		-	-	**-**
Administrative expenses		*1*	-	**1**
Operating profit		*1*	-	**1**
Interest receivable and similar income		*37,852*	-	**37,852**
Interest payable and similar charges		*(17,994)*	-	**(17,994)**
Taxation		*(767)*	-	**(767)**
Profit on ordinary activities after taxation and for the financial year		*19,092*	-	**19,092**

Explanation of changes to previously reported profit and equity:

1 There are no changes to the reporting of the financial statements following the move from IFRS to FRS 102