

Company Registration No. 11394918 (England and Wales)

RCI HEALTH GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2021

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RCI HEALTH GROUP LIMITED

COMPANY INFORMATION

Directors	C G Sellers R S Phagura M M Darraugh
Company number	11394918
Registered office	First Floor Station Place Argyle Way Stevenage England SG1 2AD
Auditor	RSM UK Audit LLP Chartered Accountants Blenheim House Newmarket Road Bury St Edmunds Suffolk IP33 3SB

RCI HEALTH GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present the strategic report for the year ended 30 September 2021.

Fair review of the business

The principal activity of RCI Health Group Limited (the 'company') continues to be of a holding and investment company. The company holds several investments in trading subsidiaries that operate within the healthcare and welfare sector.

During the year ending 30 September 2021 a new business was acquired by RCI Health Group Limited, Communicourt Limited. The results of this business has been consolidated into the group financial statements in so far as it is attributable to RCI Health Group Limited. This business will form an integral part of group operations going forward.

Group turnover for the year ending 30 September 2021 was £32.3m, compared to £21.8m for the year ending 30 September 2020. Gross profit for the year ending 30 September 2021 was £17.3m, compared to £9.3m for the year ending 30 September 2020. Operating profit for the year ending 30 September 2020 was £6.8m, compared to £2.5m for the year ending 30 September 2020. The financial performance of the group was above the directors' expectations, with all the trading entities performing strongly.

The group had a net asset position of £5.8m as at 30 September 2021 and good levels of liquidity, with a cash balance of £1.6m, reflecting the group's disciplined working capital and cashflow management.

Principal risks and uncertainties

The group has policies, procedures and management structures which have been developed to control the risks associated within its operating environment and enable it to meet its business objectives. The group has an integrated risk management process in place, which is designed to identify, manage and mitigate its business risks, this process covers clinical, operational, financial and commercial areas of risk.

The vast majority of the group's revenue is derived from long-term service and framework contracts. As the group has continued to deliver its services throughout the pandemic, and the group expects this to continue, the directors do not believe the financial risk posed by COVID-19 to the company or group to be high. Financial risks to the company and group are limited over the short to medium term as the majority of the company and group's revenue is derived from large long-term contracts. All the group's revenue is generated in the UK, therefore the group has no FX exposure in either its revenue or cost base.

The primary financial risk is the loss of long-term contracts. The process and governance surrounding tenders and extensions is closely managed by the Board, to ensure the group maximises its success in securing contracts which are subject to tenders and extension. The cost base risk of losing long-term contracts is mitigated by the fact that the vast majority of the cost base is staff related and in the event of the company not being awarded the contract in a tender, the staff would transfer (under TUPE regulations) to the new provider and therefore the group would reduce its direct costs in line with the reduction in revenue.

Key performance indicators

The primary KPIs have been set out above, the company and group maintains and reviews a number of other financial and non-financial indicators routinely each month.

Going concern

The vast majority of the group's revenue is derived from the delivery of services via long-term or framework contracts. The group has continued to deliver its services throughout the pandemic and the company and group expects this to continue. In the opinion of the directors, as has been shown this financial year, COVID-19 does not impact the assertion that the company is a going concern.

RCI HEALTH GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

On behalf of the board

Rajbir Singh Phagura

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R S Phagura

Director

Date: 07/06/22
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RCI HEALTH GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their annual report and financial statements for the year ended 30 September 2021.

Principal activities

The principal activity of the company continued to be that of a holding company.

The principal activity of the group continued to be that of the provision of healthcare services.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

V J Webb

(Resigned 27 October 2021)

C G Sellers

R S Phagura

M M Darraugh

Qualifying third party indemnity provisions

The group has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company and group continues. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests.

Pertinent information about matters of concern to employees is given through information bulletins and meetings, also, the company's financial statements are publicly available, allowing employees to understand the financial performance of the company and group.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Energy and carbon reporting

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

RCI HEALTH GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern

At the time of approving the financial statements the directors have a reasonable expectation of future dividend receipts from subsidiary companies based on financial modelling performed within the subsidiary entities. This cashflow will enable the servicing of external debt and compliance with banking covenants in line with agreements in place. As such they are of the opinion that the company has adequate resources to continue in operational existence for the foreseeable future, and for at least 12 months following the signature of these financial statements. *In arriving at this conclusion, the directors have considered the on-going impact of COVID-19 and are satisfied that there will be no material effect on the company.* Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board

Rajbir Singh Phagura

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R S Phagura

Director

Date: 07/06/22
.....

RCI HEALTH GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors are responsible for preparing the Strategic Report and 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RCI HEALTH GROUP LIMITED

Opinion

We have audited the financial statements of RCI Health Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RCI HEALTH GROUP LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RCI HEALTH GROUP LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and evaluation of computations provided by external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Care Quality Commission. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with the regulator during the year.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Laragh Jeanroy (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Blenheim House
Newmarket Road
Bury St Edmunds
Suffolk, IP33 3SB

08/06/22.....

RCI HEALTH GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	32,245,121	21,819,896
Cost of sales		(14,957,125)	(12,498,842)
Gross profit		17,287,996	9,321,054
Administrative expenses		(10,622,389)	(6,848,179)
Other operating income		170,551	6,625
Operating profit	6	6,836,158	2,479,500
Interest receivable and similar income	9	46,702	1,762
Interest payable and similar expenses	10	(990,314)	(1,060,155)
Profit before taxation		5,892,546	1,421,107
Tax on profit	11	(1,577,321)	(587,969)
Profit for the financial year		4,315,225	833,138

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

RCI HEALTH GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Goodwill	12	29,493,995		21,636,000	
Other intangible assets	12	27,378		46,332	
Total intangible assets		29,521,373		21,682,332	
Tangible assets	13	167,314		178,431	
		29,688,687		21,860,763	
Current assets					
Debtors	17	3,667,213		1,755,694	
Investments	18	7,566		-	
Cash at bank and in hand		1,607,225		1,843,637	
		5,282,004		3,599,331	
Creditors: amounts falling due within one year	19	(13,750,428)		(7,322,934)	
Net current liabilities		(8,468,424)		(3,723,603)	
Total assets less current liabilities		21,220,263		18,137,160	
Creditors: amounts falling due after more than one year	20	(15,102,553)		(16,354,477)	
Provisions for liabilities	22	(346,931)		(327,842)	
Net assets		5,770,779		1,454,841	
Capital and reserves					
Called up share capital	25	11,343		11,272	
Share premium account		102,098		101,456	
Profit and loss reserves		5,657,338		1,342,113	
Total equity		5,770,779		1,454,841	

The financial statements were approved by the board of directors and authorised for issue on 07/06/22
and are signed on its behalf by:

Rajbir Singh Phagura

R S Phagura
Director

RCI HEALTH GROUP LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	14		1		1
Current assets					
Debtors	17	91,003		90,290	
Creditors: amounts falling due within one year	19	(50,018)		(48,818)	
Net current assets			40,985		41,472
Total assets less current liabilities			40,986		41,473
Capital and reserves					
Called up share capital	25		11,343		11,272
Share premium account			102,098		101,456
Profit and loss reserves			(72,455)		(71,255)
Total equity			40,986		41,473

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £1,200 (2020 - £10,935 loss).

The financial statements were approved by the board of directors and authorised for issue on 07/06/22
and are signed on its behalf by:

Rajbir Singh Phagura

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R S Phagura
Director

RCI HEALTH GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 October 2019		10,736	96,625	508,975	616,336
Year ended 30 September 2020:					
Profit and total comprehensive income for the year		-	-	833,138	833,138
Issue of share capital	25	536	4,831	-	5,367
Balance at 30 September 2020		11,272	101,456	1,342,113	1,454,841
Year ended 30 September 2021:					
Profit and total comprehensive income for the year		-	-	4,315,225	4,315,225
Issue of share capital	25	71	642	-	713
Balance at 30 September 2021		11,343	102,098	5,657,338	5,770,779

RCI HEALTH GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 October 2019		10,736	96,625	(60,320)	47,041
Year ended 30 September 2020:					
Loss and total comprehensive income for the year		-	-	(10,935)	(10,935)
Issue of share capital	25	536	4,831	-	5,367
Balance at 30 September 2020		11,272	101,456	(71,255)	41,473
Year ended 30 September 2021:					
Loss and total comprehensive income for the year		-	-	(1,200)	(1,200)
Issue of share capital	25	71	642	-	713
Balance at 30 September 2021		11,343	102,098	(72,455)	40,986

RCI HEALTH GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	27	9,854,551		5,812,148	
Interest paid		(990,314)		(419,864)	
Income taxes paid		(1,578,644)		(1,104,060)	
Net cash inflow from operating activities		7,285,593		4,288,224	
Investing activities					
Purchase of business		(5,698,864)		(5,045,162)	
Purchase of intangible assets		(40,140)		(14,976)	
Purchase of tangible fixed assets		(89,963)		(47,566)	
Proceeds on disposal of tangible fixed assets		173		-	
Interest received		46,702		1,762	
Net cash used in investing activities		(5,782,092)		(5,105,942)	
Financing activities					
Proceeds from issue of shares		713		5,367	
Repayment of borrowings		(4,540,626)		(4,000,000)	
Proceeds of new bank loans		9,800,000		9,000,000	
Repayment of bank loans		(7,000,000)		(4,800,000)	
Net cash generated from financing activities		(1,739,913)		205,367	
Net decrease in cash and cash equivalents		(236,412)		(612,351)	
Cash and cash equivalents at beginning of year		1,843,637		2,455,988	
Cash and cash equivalents at end of year		1,607,225		1,843,637	

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

Company information

RCI Health Group Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is First Floor, Station Place, Argyle Way, Stevenage, England, SG1 2AD.

The group consists of RCI Health Group Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of RCI Health Group Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the period are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (Continued)

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

RCI Health Group Limited has provided a guarantee for the purposes of exemption from audit of individual company accounts under section 479 (2)(a) of the Companies Act 2006 for the following companies:

Company Name	Company Number
Olympus Bidco Limited	11404518
Olympus Midco Limited	11404772
Benchmark Management Consulting Limited	03908326
Venture-People Limited	08718547
Communicourt Limited	07553918

Going concern

At the time of approving the financial statements the directors have a reasonable expectation of future dividend receipts from subsidiary companies based on financial modelling performed within the subsidiary entities. This cashflow will enable the servicing of external debt and compliance with banking covenants in line with agreements in place. As such they are of the opinion that the company has adequate resources to continue in operational existence for the foreseeable future, and for at least 12 months following the signature of these financial statements. In arriving at this conclusion, the directors have considered the on-going impact of COVID-19 and are satisfied that there will be no material effect on the company. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover represents the value of services provided to customers and is recognised in-line with the invoicing policy identified in the contract for services.

The group recognises revenue from its two main revenue streams as follows;

Revenue from an ongoing long term contract is recognised evenly over the term of the contract.

Revenue from bespoke contracts which can range between one and thirty six months is recognised in accordance with the stage of completion of the project. Where the customer has requested an invoicing arrangement which is different to the stage of completion, revenue is then accrued or deferred as appropriate.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (Continued)

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is:

Mountain Healthcare Holdings Limited	15 years
Benchmark Management Consulting Limited	6 years
Venture-People Limited	10 years
Communicourt Limited	10 years

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development costs	5 years straight-line from the date brought into use
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	20% straight line
Fixtures, fittings and equipment	33% straight line
Computer equipment	33% straight line
Motor vehicles	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (Continued)

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loan notes and loans from fellow group companies, are initially recognised at transaction price and are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Some employees of the group are members of industry-wide retirement benefit schemes operated by either local government, the police or the NHS. Eligible employees are covered by the provisions of these schemes under a direction status (or of any scheme set up in place of it) subject always to the scheme's trust deed and rules from time to time in force. The schemes are unfunded, defined benefit schemes that cover relevant employees and are allowed under the direction of the Secretary of State, in England and Wales. The schemes are not designed to be run in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. The schemes are accounted for as if they were defined contribution schemes, the costs for participating in the schemes are taken as equal to the contributions payable to the schemes for the accounting period.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies (Continued)

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

The group prepares its consolidated financial statements in accordance with FRS102, the application of which often requires judgements to be made by management when formulating the group's financial position and results. Under FRS102, the directors are required to adopt those accounting policies most appropriate to the group's circumstances for the purpose of presenting fairly the group's financial position, financial performance and cash flows. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially effect the reported results or net asset position of the company. Management considers that certain accounting estimates and assumptions relating to intangible assets (goodwill and other intangibles) are its critical accounting estimates. A discussion of these critical accounting estimates is provided below and should be read in conjunction with the disclosure of the company's FRS102 accounting policies provided in note 1 to the financial statements.

Goodwill

The annual amortisation charge for Goodwill is sensitive to changes in the estimated useful economic life. The assessment of useful economic life is determined to be a critical accounting judgement and is re-assessed annually.

Deferred consideration

The purchase price of the Group's acquired subsidiaries includes deferred consideration. The full balance of consideration has been included as a liabilities as it is the directors' assessment that these amounts will be paid. The assessment of the value of deferred consideration payable is considered to be a critical accounting judgement.

Other intangibles

The difference between the purchase price of the Group's acquired subsidiaries and the fair value of their tangible fixed assets, current assets and liabilities has been allocated to Goodwill. The directors have considered whether any Goodwill acquired relates to Other Intangible Assets and consider this value to be nil. This allocation of value between intangible assets is determined to be a critical accounting judgement.

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Provision of healthcare sector services	32,245,121	21,819,896
	2021 £	2020 £
Other revenue		
Interest income	46,702	1,762
Grants received	170,551	6,625
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	32,245,121	21,819,896

4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Direct	481	343	-	-
Administration	46	46	4	5
Total	527	389	4	5

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	15,235,813	11,392,043	-	-
Social security costs	1,549,274	1,057,098	-	-
Pension costs	428,957	299,210	-	-
	17,214,044	12,748,351	-	-

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

5 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	579,454	634,842
Company pension contributions to defined contribution schemes	18,029	20,715
	<u>597,483</u>	<u>655,557</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	187,501	173,852
Company pension contributions to defined contribution schemes	7,563	7,500
	<u>195,064</u>	<u>181,352</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4.

6 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(170,551)	(6,625)
Depreciation of owned tangible fixed assets	100,960	94,762
Profit on disposal of tangible fixed assets	(53)	-
Amortisation of intangible assets	2,876,869	1,703,383
Operating lease charges	925,362	727,357
	<u>3,731,987</u>	<u>2,418,877</u>

7 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	6,250	5,100
Audit of the financial statements of the company's subsidiaries	31,250	24,300
	<u>37,500</u>	<u>29,400</u>

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

8 Reconciliation of Operating profit to EBITDA

	2021 £	2020 £
Operating profit	6,836,158	2,479,500
Depreciation	100,960	94,762
Amortisation	2,876,869	1,703,383
Reported EBITDA	9,813,987	4,271,020
Add back non-underlying operating costs	222,056	346,513
Underlying EBITDA	10,036,043	4,617,533

To enable a true and fair view of the financial statements, non-underlying costs have been disclosed in this note, so that the underlying earnings after Coronavirus Job Retention Scheme income and before interest, taxation, depreciation and amortisation is represented to users of the financial statements. Costs classed as non-underlying represent items which are unusual, non-re-occurring or related to specific items outside the normal course of trading business.

9 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	46,702	1,615
Other interest income	-	147
Total income	46,702	1,762

10 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and loans	567,362	176,041
Other interest on financial liabilities	422,952	884,114
Total finance costs	990,314	1,060,155

11 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	1,663,308	663,556
Adjustments in respect of prior periods	(12,668)	(18,800)
Total current tax	1,650,640	644,756

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

11 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	(71,242)	(70,305)
Changes in tax rates	(25,003)	(4,469)
Adjustment in respect of prior periods	22,926	17,987
Total deferred tax	(73,319)	(56,787)
Total tax charge	1,577,321	587,969

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	5,892,546	1,421,107
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,119,584	270,010
Tax effect of expenses that are not deductible in determining taxable profit	524,645	320,656
Adjustments in respect of prior years	(12,668)	(18,800)
Deferred tax adjustments in respect of prior years	22,926	17,987
Fixed asset differences	1,549	2,354
Changes in the rate of deferred tax	(38,346)	(4,238)
Tax credits claimed for prior years	(40,369)	-
Taxation charge	1,577,321	587,969

12 Intangible fixed assets

Group	Goodwill £	Development costs £	Total £
Cost			
At 1 October 2020	24,402,004	62,712	24,464,716
Additions	10,713,570	2,340	10,715,910
At 30 September 2021	35,115,574	65,052	35,180,626
Amortisation and impairment			
At 1 October 2020	2,766,004	16,380	2,782,384
Amortisation charged for the year	2,855,575	21,294	2,876,869
At 30 September 2021	5,621,579	37,674	5,659,253

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

12 Intangible fixed assets (Continued)

Carrying amount

At 30 September 2021	29,493,995	27,378	29,521,373
At 30 September 2020	21,636,000	46,332	21,682,332

The company had no intangible fixed assets at 30 September 2021 or 30 September 2020.

13 Tangible fixed assets

Group	Leasehold improvements	Fixtures, fittings and equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 October 2020	90,254	171,207	952	56,382	318,795
Additions	-	85,907	4,056	-	89,963
Disposals	-	(1,119)	-	-	(1,119)
At 30 September 2021	90,254	255,995	5,008	56,382	407,639
Depreciation and impairment					
At 1 October 2020	18,051	81,681	139	40,493	140,364
Depreciation charged in the year	18,051	65,540	1,480	15,889	100,960
Eliminated in respect of disposals	-	(999)	-	-	(999)
At 30 September 2021	36,102	146,222	1,619	56,382	240,325
Carrying amount					
At 30 September 2021	54,152	109,773	3,389	-	167,314
At 30 September 2020	72,203	89,526	813	15,889	178,431

The company had no tangible fixed assets at 30 September 2021 or 30 September 2020.

14 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	15	-	-	1	1

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

14 Fixed asset investments (Continued)

Movements in fixed asset investments	Shares in group undertakings
Company	£
Cost or valuation	
At 1 October 2020 and 30 September 2021	1
Carrying amount	
At 30 September 2021	1
At 30 September 2020	1

15 Subsidiaries

Details of the company's subsidiaries at 30 September 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Mountain Healthcare Limited	See below	Provision of healthcare services	Ordinary	-	100.00
Mountain Healthcare Holdings Limited	See below	Intermediate holding company	Ordinary	-	100.00
Olympus Bidco Limited	See below	Intermediate holding company	Ordinary	-	100.00
Olympus Midco Limited	See below	Intermediate holding company	Ordinary	100.00	-
Benchmark Management Consulting Limited	See below	Provision of consultancy and research services to the healthcare sector	Ordinary	-	100.00
Venture-People Limited	See below	Provision of healthcare services	Ordinary	-	100.00
Communicourt Limited	See below	Provision of court appointed intermediaries	Ordinary	-	100.00

The registered office of Mountain Healthcare Limited, Mountain Healthcare Holdings Limited, Olympus Midco Limited and Olympus Bidco Limited is First Floor, Station Place, Argyle Way, Stevenage, England, SG1 2AD.

The registered office of Venture-People Limited is Hrfc Business Centre, Leicester Road, Hinckley, Leicestershire, England, LE10 3DR.

The registered office of Benchmark Management Consulting Limited is 3000 Aviator Way, Manchester Business Park, Wythenshawe, Manchester, England, M22 5TG.

The registered office of Communicourt Limited is Trigate, 210 - 222 Hagley Road West, Oldbury, West Midlands, England, B68 0NP.

For the financial year ended 30 September 2021 Venture-People Limited, Benchmark Management Consulting Limited, Communicourt Limited, Olympus Midco Limited and Olympus Bidco Limited were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

16 Acquisition

On 11 March 2021 the group acquired 100% of the issued capital of Communicourt Limited for consideration of £15,858,308.

	Book Value	Adjustments	Fair Value
	£	£	£
Net assets acquired			
Trade and other receivables	3,631,745	-	3,631,745
Cash and cash equivalents	2,270,742	-	2,270,742
Trade and other payables	(526,356)	-	(526,356)
Tax liabilities	(185,188)	-	(185,188)
Deferred tax	(8,405)	-	(8,405)
Total identifiable net assets	5,182,538	-	5,182,538
Goodwill			10,675,770
Total consideration			15,858,308

The consideration was satisfied by:	£
Cash	7,969,606
Deferred consideration	7,888,702
	15,858,308

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£
Turnover	3,764,781
Profit after tax	1,682,468

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

17 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	2,035,733	1,093,623	-	-
Amounts owed by group undertakings	-	-	91,003	90,290
Other debtors	513,102	23,950	-	-
Prepayments and accrued income	942,796	527,453	-	-
	<u>3,491,631</u>	<u>1,645,026</u>	<u>91,003</u>	<u>90,290</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 23)	<u>175,582</u>	<u>110,668</u>	<u>-</u>	<u>-</u>
Total debtors	<u>3,667,213</u>	<u>1,755,694</u>	<u>91,003</u>	<u>90,290</u>

18 Current asset investments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Unlisted investments	<u>7,566</u>	<u>-</u>	<u>-</u>	<u>-</u>

19 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	21	4,900,000	1,000,000	-	-
Trade creditors		737,206	626,395	-	-
Amounts owed to group undertakings		-	-	50,018	48,818
Corporation tax payable		419,814	162,630	-	-
Other taxation and social security		837,417	542,457	-	-
Other creditors		3,714,907	2,677,557	-	-
Accruals and deferred income		3,141,084	2,313,895	-	-
		<u>13,750,428</u>	<u>7,322,934</u>	<u>50,018</u>	<u>48,818</u>

Other creditors includes deferred consideration of £3,500,000 (2020: £2,150,000) in relation to the purchases of the subsidiaries. The full balance of consideration has been included as a liability as it is the directors' assessment that these amounts will be paid.

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

20 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	21	4,900,000	6,000,000	-	-
Other borrowings	21	3,413,851	7,954,477	-	-
Other creditors		6,788,702	2,400,000	-	-
		<u>15,102,553</u>	<u>16,354,477</u>	<u>-</u>	<u>-</u>

Other creditors includes deferred consideration of £6,788,702 (2020: £2,400,000) in relation to the purchase of subsidiaries. The full balance of consideration has been included as a liability as it is the directors' assessment that these amounts will be paid.

21 Borrowings

		Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans		9,800,000	7,000,000	-	-
Other loans		3,413,851	7,954,477	-	-
		<u>13,213,851</u>	<u>14,954,477</u>	<u>-</u>	<u>-</u>
Payable within one year		4,900,000	1,000,000	-	-
Payable after one year		8,313,851	13,954,477	-	-
		<u>13,213,851</u>	<u>14,954,477</u>	<u>-</u>	<u>-</u>

Other loans relates to investor loan notes. The first loan note of £3,337,623 was repaid in full during the year, plus accrued interest. The second loan note of £3,480,675 is repayable in full on 30 June 2028 plus accrued interest between 13 September 2018 and 30 June 2028. A total of £4,540,626 was repaid relating to loan notes during the year. At the year end the amount outstanding including interest accrued to date was £nil and £3,413,851 respectively (2020: £3,893,794 and £4,060,683).

The long-term bank loan was secured over the assets of the company and other group members by way of a fixed and floating charge. This loan was repaid during the year.

22 Provisions for liabilities

		Group 2021 £	2020 £	Company 2021 £	2020 £
Provisions		<u>346,931</u>	<u>327,842</u>	<u>-</u>	<u>-</u>

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

22 Provisions for liabilities (Continued)

Movements on provisions:

Group	Provisions £
At 1 October 2020	327,842
Additional provisions in the year	46,089
Reversal of provision	(27,000)
At 30 September 2021	<u>346,931</u>

Dilapidation provisions represent the best estimate of costs that will be incurred in returning leased premises back to their original state at the end of the lease term.

Other provisions represent the best estimate of monies received on contracts not yet utilised which could be subject to repayment.

23 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

Group	Assets 2021 £	Assets 2020 £
Decelerated capital allowances	<u>175,582</u>	<u>110,668</u>

The company has no deferred tax assets or liabilities.

Movements in the year:	Group £	Company £
Asset at 1 October 2020	110,668	-
Credit to profit or loss	73,319	-
Other	8,405	-
Asset at 30 September 2021	<u>175,582</u>	<u>-</u>

24 Retirement benefit schemes

Defined contribution schemes	2021 £	2020 £
Charge to profit or loss in respect of defined contribution schemes	<u>428,957</u>	<u>299,210</u>

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

24 Retirement benefit schemes (Continued)

Certain employees are members of industry-wide retirement benefit schemes operated by either the police, local government, or the NHS. There is insufficient information to account for these schemes as defined benefits plans and so they are accounted for as defined contribution plans and included in the above figure. Contributions totalling £73,023 (2020: £68,875) were payable to the fund at the year end and are included within other creditors.

25 Share capital

	Group and Company			
	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
A ordinary of 0.1p each	5,378,778	5,378,778	5,379	5,379
B ordinary of 0.1p each	2,791,380	2,791,380	2,791	2,791
C ordinary of 0.1p each	1,610,415	1,610,415	1,610	1,610
D ordinary of 0.1p each	1,492,315	1,492,315	1,492	1,492
E ordinary of 0.1p each	71,382	-	71	-
	<u>11,344,270</u>	<u>11,272,888</u>	<u>11,343</u>	<u>11,272</u>

During the year, 71,382 E ordinary shares were issued with a par value of 0.1p for a consideration of £713.

All shares rank pari passu save for the A ordinary shares have the right to receive 100% of the votes in certain under-performance events or material breach, and the C ordinary shares will not hold more than 10% of the total number of shares in issue at any one time.

26 Reserves

Reserves of the Group represent the following:

Profit and loss account

Cumulative profit and loss net of distribution to owners.

Share premium account

The amount received in exchange for shares above their par value.

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

27 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	4,315,225	833,138
Adjustments for:		
Taxation charged	1,577,321	587,969
Finance costs	990,314	1,060,155
Investment income	(46,702)	(1,762)
Gain on disposal of tangible fixed assets	(53)	-
Amortisation and impairment of intangible assets	2,876,869	1,703,383
Depreciation and impairment of tangible fixed assets	100,960	94,762
(Decrease)/increase in provisions	(7,869,613)	327,842
Movements in working capital:		
Decrease in debtors	1,777,573	247,555
Increase in creditors	6,132,657	959,106
Cash generated from operations	9,854,551	5,812,148

28 Analysis of changes in net debt - group

	1 October 2020 £	Cash flows £	30 September 2021 £
Cash at bank and in hand	1,843,637	(236,412)	1,607,225
Borrowings excluding overdrafts	(14,954,477)	1,740,626	(13,213,851)
	(13,110,840)	1,504,214	(11,606,626)

29 Financial commitments, guarantees and contingent liabilities

The company has given an unlimited guarantee to its bankers in respect of the borrowings of certain other group companies. At 30 September 2021 the maximum liability of the entity under the terms of the guarantee was £9,800,000 (2020: £7,000,000).

RCI HEALTH GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

30 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	905,223	660,374	-	-
Between one and five years	1,018,904	687,232	-	-
	<u>1,924,127</u>	<u>1,347,606</u>	<u>-</u>	<u>-</u>

31 Related party transactions

During the period the group issued £nil (2020: £nil) of unsecured loan notes to the directors of the group. The loan notes bear interest at 8% and interest of £283,207 (2020: £302,744) was charged in the period. Loan notes of £946,059 (2020: £2,500,000) were repaid during the period. The amount outstanding at the end of the period was £3,413,851 (2020: £4,076,703).

During the period the group repaid the unsecured loan notes given to its ultimate parent company. The loan notes bore interest at 8% and interest of £139,745 (2020: £290,301) was charged in the period. The amount outstanding at the end of the period was £Nil (2020: £3,909,155).

During the year the company made purchases totalling £22,000 (2019: £14,000) from Healthy Hedgehogs Limited, a company where V J Webb holds shared ownership. V J Webb resigned as a director of the group on the 27 October 2021.

During the year the company made purchases totalling £nil (2020: £8,333) from EQ42 Limited, a company owned by C G Sellers.

32 Controlling party

The directors consider the ultimate parent undertaking to be Literacy Capital Plc, a company incorporated and registered in England and Wales.