

Company registration number 08802553 (England and Wales)

THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

COMPANY INFORMATION

Directors	Ian Mulholland Sarah Pavlou (Appointed 25 April 2022)
Company number	08802553
Registered office	6-9 Snow Hill London EC1A 2AY
Accountants	Mercer & Hole LLP 21 Lombard Street London EC3V 9AH
Business address	6-9 Snow Hill London EC1A 2AY
Bankers	RBS 3rd Floor 280 Bishopsgate London EC2M 4RB

THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

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THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Principal activities

The Company was incorporated in the United Kingdom and was principally engaged in the justice sector and the judicial activity of providing rehabilitation services under a contract with the Secretary of State for Justice to provide probation services. Its principal place of business is London, and its Head Office is: 6-9, Snow Hill, London, England, EC1A 2AY.

In May 2019 and June 2020, the Ministry of Justice ("MoJ") announced changes to the future of probation with all probation services being brought under the control of the National Probation Service ("NPS"). This change took effect and the Company's probation contract was ended on 25 June 2021. The Company ceased trading from this date.

Key performance indicators

The Profit and Loss Account and Other Comprehensive Income for the year is set out on page 5 and shows a loss after tax of £0.2m (year ended 31 December 2021: profit after tax of £5.1m). The Company ceased trading following the cessation of its probation service contract with the Secretary of State for Justice during the prior year in June 2021.

Principal risks and uncertainties

The Company's risks and other key performance indicators are reported, reviewed, and managed at a Group level. Prior to ceasing trading a comprehensive risk register, which identified key business risks, including safeguarding, contractual, operational, reputational, and financial risk areas was overseen at Company level by the Board. A consolidated risk register is held at a Group level and reviewed by the Board monthly.

Transformation risk

The company ceased trading in June 2021, however transformation continued to be a principal focus area of risk management at the Group level. During 2022, a dedicated Transformation team at Group level oversaw any Transformation project across all Group companies. This ensures any projects are risk assessed and requirements are documented at inception, this also gives a central point of governance for all projects and ensures the strategic objectives of the Group are met.

Contract risk

The Company previously relied on a key Secretary of State contract, which came to an end in the prior year on 25 June 2021 and as such the risks associated with the contract no longer exist.

Systems risk

The Company also had robust policies, procedures and operating reporting in place to manage safeguarding, operational, information technology, human resources and health and safety risks up to the date it ceased trading, and these have remained in place after this date to the extent required for a non-trading company.

Financial risk management objectives and policies

The Company is exposed to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash at bank and in hand, trade and other debtors, amounts owed by Group Undertakings and prepayments and accrued income. The credit risk on liquid funds (cash and cash equivalents) is limited because the counterparties are highly rated financial institutions.

THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Financial risk management objectives and policies (continued)

Interest rate risk

Given the Company has no significant interest-bearing assets (except cash and cash equivalents) and income and operating cash flows are substantially independent of changes in market interest rates, interest rate risk arises from long-term borrowings; the Company's management of cash flow risk ensures that obligations can be met as they fall due.

Cash flow risk

Cash flow risk refers to the risk that the Company will not have available resources to meet obligations as they fall due. Sufficient cash balances are held to meet short-term obligations. The Company's parent company is Management & Training Corporation Limited, which is a subsidiary of Management & Training Corporation (UK) Limited, and its financial resources are managed on a Management & Training Corporation (UK) Limited basis. Group cash balances at 31 December 2022 were £13.9m (31 December 2021: £28.8m). In addition, Management & Training Corporation (UK) Limited has a credit line of up to US\$33.0m with its parent Management & Training Corporation. At 31 December 2022, £6.3m of the credit line was drawn down (31 December 2021: £16.5m).

Interest bearing assets and liabilities are held at a fixed rate to ensure the certainty of cash flows.

Liquidity risk

The Company is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash at bank and in hand and the availability of funding through an adequate amount of committed credit facilities. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance, including Management & Training Corporation (UK) Limited (the lead company in the UK Group), having a credit line of US\$33.0m with its parent Management & Training Corporation.

On behalf of the board

DocuSigned by:

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Ian Mulholland
Director

28/7/2023
Date:

THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Results and dividends

The results for the year are set out on page 5.

Ordinary dividends were paid amounting to £26,143,000. The directors do not recommend payment of a final dividend.

Directors

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

Ian Mulholland

Sarah Pavlou

David Hood

(Appointed 25 April 2022)

(Resigned 25 April 2022)

Directors' indemnities

The Company 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.

Going concern

In May 2019, The Ministry of Justice ("MoJ") announced plans for the future of probation. Under the plans, it announced the National Probation Service will in the future be responsible for managing all service users on community order or license following their release from prison in England and Wales.

In June 2021 the change took effect and the Company's probation contract ended on 25 June 2021. Consequently the Company ceased trading from this date.

As the Company ceased trading from 26 June 2021, the financial statements have not been prepared on a going concern basis. The financial statements have therefore been prepared under FRS 102, but on a basis other than that of the going concern basis. This basis includes, where applicable for the year ended 31 December 2022, reclassifying fixed assets to current assets and long-term liabilities reclassified as current liabilities. The assets were subsequently transferred to The National Probation Service or written off in the prior year in June 2021. It is the intention of the Directors to wind up operations of the Company in due course.

On behalf of the board

DocuSigned by:

.....4B9EEA50B5724C5.....
Ian Mulholland
Director

Date: 28/7/2023
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THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the annual 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 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1.2 to these financial statements, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £'000	2021 £'000
Turnover	3	-	38,080
Cost of sales		392	(20,022)
Gross profit		392	18,058
Administrative expenses		(5)	(11,744)
Profit before taxation		387	6,314
Tax on profit	7	(607)	(1,213)
(Loss)/profit for the financial year		(220)	5,101

The Company's probation contract ended in the prior year on 25 June 2021 and the company ceased trading thereafter.

THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £'000	£'000	2021 £'000	£'000
Current assets					
Debtors	9	313		17,123	
Cash at bank and in hand		12		10,119	
		<u>325</u>		<u>27,242</u>	
Creditors: amounts falling due within one year	10	<u>(521)</u>		<u>(1,075)</u>	
Net current (liabilities)/assets			<u>(196)</u>		<u>26,167</u>
Capital and reserves					
Called up share capital	12		-		-
Profit and loss reserves			<u>(196)</u>		<u>26,167</u>
Total equity			<u>(196)</u>		<u>26,167</u>

For the financial year ended 31 December 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

28/7/2023

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

DocuSigned by:

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 Ian Mulholland
 Director

Company Registration No. 08802553

THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2021		-	21,066	21,066
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	5,101	5,101
Balance at 31 December 2021		-	26,167	26,167
Year ended 31 December 2022:				
Loss and total comprehensive income for the year		-	(220)	(220)
Dividends	8	-	(26,143)	(26,143)
Balance at 31 December 2022		-	(196)	(196)

THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

The London Community Rehabilitation Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is 6-9 Snow Hill, London, EC1A 2AY.

1.1 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 £'000.

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

This 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:

- 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: Interest income/expense and net gains/losses for financial instruments not measured at fair value; 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.

The financial statements of the company are consolidated in the financial statements of Management & Training Corporation (UK) Limited. These consolidated financial statements are available from its registered office, 6-9 Snow Hill, London, EC1A 2AY.

1.2 Going concern

In May 2019, The Ministry of Justice ("MoJ") announced plans for the future of probation. Under the plans, it announced the National Probation Service will in the future be responsible for managing all service users on community order or license following their release from prison in England and Wales.

In June 2021 the change took effect and the Company's probation contract ended on 25 June 2021. Consequently the Company ceased trading from this date.

As the Company ceased trading from 26 June 2021, the financial statements have not been prepared on a going concern basis. The financial statements have therefore been prepared under FRS 102, but on a basis other than that of the going concern basis. This basis includes, where applicable for the year ended 31 December 2022, reclassifying fixed assets to current assets and long-term liabilities reclassified as current liabilities. The assets were subsequently transferred to The National Probation Service or written off in the prior year in June 2021. It is the intention of the Directors to wind up operations of the Company in due course.

1.3 Turnover

Turnover is the total amount receivable by the Company for goods supplied and services provided, excluding VAT.

Turnover from other contract activities represents fee income receivable in respect of services provided during the period. Estimates are included of amounts not yet invoiced. The Company defers other fees receivable and brings these fees into revenue in line with the degree of completion of the service delivery. Any service penalties are accrued as a deduction to revenue as they are occurred.

THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company 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 in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 company after deducting all of its liabilities.

THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 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.

1.9 Retirement benefits

The amount charged to the Income Statement represents the contributions payable by the Company to both the defined benefit and defined contribution pension schemes previously run by the Company.

Pension costs - defined contribution scheme

Until 25 June 2021, the Company participated in a defined contribution scheme for the benefit of its employees. This scheme was administered by Royal London. The Company paid a fixed contribution into the pension plan after which there is no further payment obligation. Payments to defined contribution retirement benefit schemes were charged as an expense as they fell due. Amounts not paid were accrued in the balance sheet until the payment was made. The assets of this plan were held separately from the Company's assets within an independently administered fund.

Pension costs - defined benefit scheme

Until 25 June 2021, the Company also participated in defined benefit pension schemes for the benefit of its employees. The assets of these schemes were administered by trustees in funds independent from the assets of the Company. The Company had two employees who participated in the Civil Service Pension Scheme administered by MyCSP Limited. The majority of employees in the Company with defined benefit pension schemes participated in the Local Government Pension Scheme ("LGPS") administered by the Greater Manchester Pension Fund ("GMPF").

THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Pension costs — GMPF

Employees that transferred to the Company from London Probation Trust and were at the time enrolled in the LGPS were covered by the Staff Transfer Scheme, which was incorporated into the contract between the MoJ and the Company. The scheme was closed to new CRC employees.

Eligible employees were covered by the provisions of the LGPS which is a funded defined benefit scheme. Retirement benefits were determined independently of the investments of the scheme and employers are obliged to make additional contributions where the assets are insufficient to meet the retirement benefit. The pension scheme was subject to an independent triennial actuarial valuation to determine each employer's contribution rate. The last triennial actuarial valuation was conducted in March 2020.

The Company's contribution into the defined benefit pension scheme was capped at 14% of individual's pensionable salaries, any contribution above this rate was reimbursed to the Company by the MoJ. The Company has no obligation to meet the cost of any deficits on the scheme. The Secretary of State for Justice provided a guarantee to the GMPF for pension liabilities that transferred to the CRCs. On this basis, the Scheme was accounted for as a defined benefit scheme and a liability in respect of any pension deficit was recognised on the Balance Sheet. A corresponding pension reimbursement asset from the MoJ was also recognised. Movement in the defined benefit pension scheme liability and the reimbursement asset were recognised in the appropriate caption in the profit and loss account and other comprehensive income.

Employer contributions to the pension scheme were £nil for the year ended 31 December 2022 (2021: £1.4m).

1.10 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 leases asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover

	2022 £'000	2021 £'000
Turnover analysed by class of business		
Rehabilitation services	-	38,080

Turnover and the loss before tax are attributable to the Company's principal activity of providing rehabilitation services prior to ceasing trading in the prior year from 26 June 2021.

All turnover arises solely within the UK.

THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Operating profit

	2022	2021
	£'000	£'000
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	-	52
(Profit)/loss on disposal of tangible fixed assets	-	68
Amortisation of intangible assets	-	632
Operating lease charges	-	134
	<u> </u>	<u> </u>

Direct costs include negative social security costs relating to the reversal of expenditure accrued in the prior year totalling £427k. In the prior year the Company received correspondence from HMRC regarding a historic debt. During the year the Company resolved the matter with HMRC and received confirmation that the balance was in fact not payable, and have therefore released the accrual in these financial statements.

5 Employees

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

	2022	2021
	Number	Number
Operations	-	409
Administration	-	12
	<u> </u>	<u> </u>
Total	-	421
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2021
	£'000	£'000
Wages and salaries	-	13,192
Social security costs	-	1,170
Pension costs	-	1,765
	<u> </u>	<u> </u>
	-	16,127
	<u> </u>	<u> </u>

6 Directors' remuneration

	2022	2021
	£'000	£'000
Remuneration for qualifying services	-	23
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 0 (2021 - 1).

The Company financial statements do not include remuneration in respect of the Company's Directors (year ended 31 December 2021: included part of the remuneration of one Director). During the year ended 31 December 2022, two Directors were employed by the Company's parent company Management & Training Corporation Limited, therefore their remuneration is included in Management & Training Corporation Limited's financial statements.

THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Taxation

	2022	2021
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	-	1,213
Adjustments in respect of prior periods	607	-
Total current tax	607	1,213

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£'000	£'000
Profit before taxation	387	6,314
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	74	1,200
Tax effect of expenses that are not deductible in determining taxable profit	-	13
Adjustments in respect of prior years	607	-
Group relief	(74)	-
Impact of statutory rate change	-	(58)
Impact of difference between corporation tax and deferred tax rate	-	58
Taxation charge for the year	607	1,213

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge and the deferred tax assets and liabilities accordingly.

8 Dividends

	2022	2021
	£'000	£'000
Interim paid	26,143	-

9 Debtors

	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	-	63
Corporation tax recoverable	313	-
Amounts owed by group undertakings	-	17,027
Other debtors	-	18
Prepayments and accrued income	-	15
	313	17,123

THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Amounts owed to group undertakings	517	-
Corporation tax	-	45
Other taxation and social security	-	250
Other creditors	4	4
Accruals and deferred income	-	776
	<u>521</u>	<u>1,075</u>

Amounts owed to fellow group undertakings are unsecured and payable on demand. Amounts totalling £0.5m are expected to be settled in less than one year. No interest has been charged.

11 Retirement benefit schemes

	2022	2021
	£'000	£'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	-	363

During the prior year the company operated a defined contribution pension scheme for all qualifying employees. This scheme was administered by Royal London. The Company paid a fixed contribution into the pension plan after which there is no further payment obligation. Amounts not paid were accrued on the balance sheet until the payment was made. The assets of the scheme are held separately from those of the company in an independently administered fund.

The Company ceased participation in this fund on 25 June 2021 when the employees transferred to the MoJ.

During the prior year the Company also operated a defined benefit contribution, details of which are disclosed in note 1.9 of these financial statements.

12 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	10	10	10	10
Preference share capital	2022	2021	2022	2021
	Number	Number	£	£
Issued and fully paid				
Special redeemable preference share of £1 each	1	1	1	1

Each ordinary share is entitled to one vote in any circumstance.
The special redeemable preference share has no voting rights.

The only other reserve the Company has is the Profit and Loss reserve which represents the cumulative results for the Company since inception.

THE LONDON COMMUNITY REHABILITATION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Related party transactions

During the year ended 31 December 2022, management recharges of £nil (2021: £10m) became payable to Management & Training Corporation Limited.

At 31 December 2022, The London Community Rehabilitation Company Limited owed £0.5m to (31 December 2021: was due £8.7m from) Management & Training Corporation Limited and was due £nil (31 December 2021: £8.3m) from Thames Valley Community Rehabilitation Company Limited. These amounts are expected to be settled in less than one year and are payable on demand.

14 Ultimate controlling party

The immediate parent undertaking of the Company is Management & Training Corporation Limited. The smallest group to consolidate these financial statements is Management & Training Corporation (UK) Limited, a company registered in England and Wales. Copies of these group financial statements can be obtained from its registered office:

Head Office
6-9 Snow Hill,
London,
England
EC1A 2AY

Management & Training Corporation Limited is wholly owned by Management & Training Corporation (UK) Limited.

The ultimate parent undertaking and controlling party of Management & Training Corporation (UK) Limited is Management & Training Corporation, a private company incorporated in the USA, registered office:

500 North Marketplace Drive
Centerville, UT 84014, USA