

**Company Registration No. 11852187 (England and Wales)**

**NATIONAL CARE GROUP HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 MARCH 2020**



# **NATIONAL CARE GROUP HOLDINGS LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr F Lalani	(Appointed 28 February 2019)
	Mr J Mawji	(Appointed 28 February 2019)
	Mr D Rowe-Bewick	(Appointed 8 April 2019)
	Mr J Allen	(Appointed 8 April 2019)
	Mr Martin Green	(Appointed 8 April 2019)
	Mrs K Lewis	(Appointed 24 June 2019)
	Mr M Cleasby	(Appointed 1 September 2020)
	Mr M Ranson	(Appointed 1 September 2020)

**Secretary** Mr J Hugkulstone

**Company number** 11852187

**Registered office** Suite 22 The Globe Centre  
St James Square  
Accrington  
Lancashire  
BB5 0RE

**Auditor** UHY Hacker Young  
Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

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# **NATIONAL CARE GROUP HOLDINGS LIMITED**

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# **NATIONAL CARE GROUP HOLDINGS LIMITED**

## **STRATEGIC REPORT**

### **FOR THE PERIOD ENDED 30 MARCH 2020**

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The directors present the strategic report for the period ended 30 March 2020.

The company was incorporated on 28 February 2019 and started trading on 31 March 2019. The principal activity of the group continued to be that of provision of care and support across a wide range of service size and type.

National Care Group Holdings Limited is a new holding company of the group. It was an addition on top of the two existing groups, National Care Group Ltd and Westward Capital Holdings Limited, by way of a share for share exchange.

#### **STATEMENT IN ACCORDANCE WITH SECTION 172 OF THE COMPANIES ACT 2006**

The Directors are required to make a statement which describes how they have behaved with regard to the matters set out in Section 172(1) of the Companies Act 2006, namely:

##### **Duty to promote the success of the company**

- a. the likely consequences of any decision in the long-term.
- b. the interests of the company's employees.
- c. the need to foster the company's business relationships with suppliers, customers, and others.
- d. the impact of the company's operations on the community and the environment.
- e. the desirability of the company maintaining a reputation for high standard of business conduct.
- f. the need to act fairly between members of the company.

##### **Section 172 Statement**

The Directors insist on high operating standards, fiscal discipline and routinely engage with management, individuals we support, colleagues we employ and stakeholders of the Organisation to understand any underlying issues. Additionally, the Board looks outside the Organisation at macro factors affecting the business. The Directors review all known facts when developing strategic decisions and long-term plans, considering their likely consequences for the Organisation. Our ability to respond to changes in market expectations is enhanced by the establishment of an experienced Executive and Senior Leadership Team with significant sectorial experience in both public and independent sector.

To be sustainable in the long term, the business understands that high quality, person-centred support is central to service delivery and that robust risk management and governance processes need to be in place. In addition to investment in relevantly qualified and experienced people within the Organisation, focus has and will continue to be given to electronic systems to support our approach to governance and continuous improvement. This approach enables the Organisation not only to mitigate risk but to enhance the quality of service delivery.

National Care Group also believes that any relationship must be mutually beneficial and the Organisation is recognised for its commitment to the individuals it supports and those commissioning its services. We take our responsibility as a major employer in many local communities very seriously and we invest in local community sponsorship opportunities. Members of local management teams attend local partnership Boards and, in this way, communities can contribute to the develop of services locally.

# **NATIONAL CARE GROUP HOLDINGS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 30 MARCH 2020**

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Like any other reputable social support and care provider, National Care Group recognises that its principal reason for being is to support the most vulnerable members of society. In doing so National Care Group is committed to placing the individuals it supports at the very centre of everything it does now and in the future. Through careful assessment, understanding of the specific needs of the individuals and regular internal and external reviews, National Care Group is able to provide improved lives and deliver positive outcomes for those within its services.

The Organisation has a strong and compelling vision which is underpinned by a clear set of values shared and owned by all employees. The Directors and management are committed to the interests and well-being of the c2,400 colleagues employed. As such, National Care Group is committed to the highest levels of integrity and transparency possible with this key stakeholder group.

Safety initiatives, consistent training, strong benefit packages and open dialogue between colleagues are just a few of the ways the Organisation ensures those who work within it develop their skill sets and work hand-in-hand with management to improve all aspects of the Organisational performance.

Underpinned by robust policies and procedures and support by an experienced People Team we believe that our organisation acts fairly with regard those employed by it. In addition to ensuring regular staff supervision takes place with staff and that comprehensive learning and development opportunities are in place, we have engaged the services of an independent whistleblowing helpline to which staff can refer to if necessary. Staff are also able to contact the Chief Executive directly through a dedicated email address should they have any issues of concern they may wish to raise.

A group wide staff satisfaction survey was completed in 2020 and its findings will be assessed and actioned throughout 2021.

Other stakeholders include finance providers, local authorities, suppliers, lenders, families, industry associations, government and regulatory agencies, media, local communities and shareholders. The Board, both individually and together, consider that they have acted in the way they consider would be most likely to promote the success of the Company as a whole. In order to do this, there is a process of dialogue with stakeholders to understand the issues that they might have.

The Board recognises its responsibilities under section 172 as outlined above and has acted at all times in a way consistent with promoting the success of the Company with regard to all stakeholders.

### **Business review**

The directors are pleased with the performance of the company during the period, with increases in turnover, gross profit and EBITDA from care activities. The group continued the investment in systems and people required to build a successful, sustainable and scalable business. As such a significant amount was invested in overheads which the directors are confident will provide benefit to the business in the forthcoming year and beyond.

# **NATIONAL CARE GROUP HOLDINGS LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 30 MARCH 2020**

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### **Principal risks and uncertainties**

The principal risks and uncertainties are competition within the local area, the dependency on revenues from Local Authorities who are facing budget cuts, the provision of substandard care or the non-compliance with regulatory requirements.

The company seeks to manage its risk and uncertainty by maintaining the highest levels of care and support provision for the individuals in its service at all times and by its continued investment in its training and development of its staff and premises.

Since the balance sheet date, the outlook of the UK and Global economy has become increasingly uncertain due to the spread of the COVID-19 virus. The directors have assessed the impact to the group and due to the sector in which the group operates and the board-led plans in place, they do not believe there to be any significant impact to the trading activities of the group in the short to medium term.

The directors are further both pleased and comforted with the plans in place have also had effect that, at the time of signing, the business had incurred no fatalities or serious cases of COVID-19 and the business was operating as normal.

### **Development and performance**

In a market with increasing demand for quality care provision, the strategy of the National Care Group Holdings (NCGH) board is to continue to grow its portfolio both through acquisition and organic growth to meet the necessary needs of the UK's most vulnerable adults. Diversifying its geography across the UK and creating specialisms such as ABI care, will be the key aim of the strategy.

At 30 March 2020, NCGH consisted of 20 operating companies providing supported living care and support for up to 1,155 service users across 214 locations and employing 2,102 members of staff.

As part of the growth strategy the board continue to invest heavily in its core compliance functions such as finance, training, HR, Quality and IT to ensure best practice and appropriate synergies are achieved across the group. Whilst this will continue to be a further key objective for the directors to ensure best value for all stakeholders, further investment will be made in commercial, marketing and property development functions to drive future revenue growth and ensure the NCGH proposition is clearly understood in the marketplace.

Finally, in addition to the above and to support the increasing geographical coverage of NCGH, the board have invested in a second office in Daventry to complement its main administrative office in Accrington. The new office will also create new opportunities in terms of talent acquisition and customer engagement.

The board has a good relationship with their investors who are supportive of the strategy and work integrally to ensure NCGH achieves their strategy defined above.

# NATIONAL CARE GROUP HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 MARCH 2020

### Key performance indicators

The directors consider the following to be the key performance indicators for the group:

	<b>FY20</b>	<b>FY19</b>
	<b>(£'000s)</b>	<b>(£'000s)</b>
Turnover	£59,856	£45,476
Gross Profit	£19,303	£15,338
EBITDA from Ordinary Care Operations	£4,999	£3,769
Acquisition, Restructuring & Non - Recurring Costs	(£1,790)	(£2,197)
EBITDA from Care Operations Post Acquisition, Restructuring & Non - Recurring Costs	£3,209	£1,572
Profit/(loss) on disposal of fixed assets	£590	£3,721
EBITDA for All Business Activities	£3,799	£5,293
Depreciation & Amortisation	(£3,107)	(£2,184)
Operating Profit	£692	£3,109

Due to the confidential nature of occupancy rates they have not been reproduced in this report.

### Financial risk management objectives and policies

The group holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and accrued income) arise directly from the company's operations.

The group has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

On behalf of the board



Mr D Rowe-Bewick

**Director**

3 March 2021

# **NATIONAL CARE GROUP HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 30 MARCH 2020**

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The directors present their annual report and financial statements for the period ended 30 March 2020.

#### **Principal activities**

The principal activity of the company and group continued to be that of provision of care.

#### **Directors**

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

Mr F Lalani	(Appointed 28 February 2019)
Mr J Mawji	(Appointed 28 February 2019)
Mr D Rowe-Bewick	(Appointed 8 April 2019)
Mr J Allen	(Appointed 8 April 2019)
Miss C Moore	(Appointed 24 June 2019 and resigned 31 August 2020)
Mr Martin Green	(Appointed 8 April 2019)
Mrs K Lewis	(Appointed 24 June 2019)
Mr M Cleasby	(Appointed 1 September 2020)
Mr M Ranson	(Appointed 1 September 2020)

#### **Results and dividends**

The results for the period are set out on page 10.

Ordinary dividends were paid amounting to £288,000. The directors do not recommend payment of a further dividend.

#### **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 group continues and that the appropriate training is arranged. 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 unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

#### **Auditor**

UHY Hacker Young were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.



# **NATIONAL CARE GROUP HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE PERIOD ENDED 30 MARCH 2020**

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#### **Statement of directors' responsibilities**

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 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;
- 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 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.

#### **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 auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



Mr D Rowe-Bewick  
**Director**

3 March 2021

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF NATIONAL CARE GROUP HOLDINGS LIMITED**

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#### **Opinion**

We have audited the financial statements of National Care Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 30 March 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of 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 the parent company's affairs as at 30 March 2020 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF NATIONAL CARE GROUP HOLDINGS LIMITED**

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**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 period 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.

**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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where 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.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF NATIONAL CARE GROUP HOLDINGS LIMITED**

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**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.



**Marc Waterman (Senior Statutory Auditor)**  
**for and on behalf of UHY Hacker Young**

3 March 2021

**Chartered Accountants**  
**Statutory Auditor**

**NATIONAL CARE GROUP HOLDINGS LIMITED****GROUP PROFIT AND LOSS ACCOUNT****FOR THE PERIOD ENDED 30 MARCH 2020**

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		<b>Period ended 30 March 2020 £</b>
	<b>Notes</b>	
<b>Turnover</b>	<b>3</b>	59,855,739
Cost of sales		(40,552,391)
		<hr/>
<b>Gross profit</b>		19,303,348
Administrative expenses		(19,218,390)
Other operating income		17,161
Profit/(loss) on disposal of properties	<b>4</b>	590,376
		<hr/>
<b>Operating profit</b>	<b>5</b>	692,495
Interest receivable and similar income	<b>9</b>	477
Interest payable and similar expenses	<b>10</b>	(683,788)
		<hr/>
<b>Profit before taxation</b>		9,184
Tax on profit	<b>11</b>	(179,009)
		<hr/>
<b>Loss for the financial period</b>	<b>28</b>	(169,825)
		<hr/> <hr/>

(Loss)/profit for the financial period is all attributable to the owners of the parent company.

**NATIONAL CARE GROUP HOLDINGS LIMITED**

**GROUP STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 MARCH 2020**

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	<b>Period ended 30 March 2020 £</b>
<b>Loss for the period</b>	<b>(169,825)</b>
	<hr/>
<b>Other comprehensive income</b>	
Revaluation of tangible fixed assets	18,421,447
Tax relating to other comprehensive income	(2,263,142)
	<hr/>
<b>Other comprehensive income for the period</b>	<b>16,158,305</b>
	<hr/>
<b>Total comprehensive income for the period</b>	<b>15,988,480</b>
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Total comprehensive income for the period is all attributable to the owners of the parent company.

# NATIONAL CARE GROUP HOLDINGS LIMITED

## GROUP BALANCE SHEET

AS AT 30 MARCH 2020

	Notes	2020 £	£
<b>Fixed assets</b>			
Goodwill	13		32,160,091
Negative goodwill	13		(5,522,084)
Net goodwill			26,638,007
Other intangible assets	13		179,963
Total intangible assets			26,817,970
Tangible assets	14		39,342,136
			66,160,106
<b>Current assets</b>			
Debtors	18	7,589,976	
Cash at bank and in hand		1,830,116	
		9,420,092	
<b>Creditors: amounts falling due within one year</b>	19	(24,998,384)	
<b>Net current liabilities</b>			(15,578,292)
<b>Total assets less current liabilities</b>			50,581,814
<b>Creditors: amounts falling due after more than one year</b>	20		(17,328,305)
<b>Provisions for liabilities</b>	23		(7,553,029)
<b>Net assets</b>			25,700,480
<b>Capital and reserves</b>			
Called up share capital	26		10,000,000
Revaluation reserve	27		15,688,072
Profit and loss reserves	28		12,408
<b>Total equity</b>			25,700,480

**NATIONAL CARE GROUP HOLDINGS LIMITED**

**GROUP BALANCE SHEET (CONTINUED)**

**AS AT 30 MARCH 2020**

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The financial statements were approved by the board of directors and authorised for issue on 3 March 2021 and are signed on its behalf by:



Mr D Rowe-Bewick

**Director**



**NATIONAL CARE GROUP HOLDINGS LIMITED**

**COMPANY BALANCE SHEET**

**AS AT 30 MARCH 2020**

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	Notes	2020 £	£
<b>Fixed assets</b>			
Investments	15	10,000,000	
			<hr/>
<b>Capital and reserves</b>			
Called up share capital	26	10,000,000	
			<hr/>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £288,000.

The financial statements were approved by the board of directors and authorised for issue on 3 March 2021 and are signed on its behalf by:



Mr D Rowe-Bewick  
Director

Company Registration No. 11852187

**NATIONAL CARE GROUP HOLDINGS LIMITED**

**GROUP STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 MARCH 2020**

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
<b>Period ended 30 March 2020:</b>					
Loss for the period		-	-	(169,825)	(169,825)
Other comprehensive income:					
Revaluation of tangible fixed assets		-	18,421,447	-	18,421,447
Tax relating to other comprehensive income		-	(2,263,142)	-	(2,263,142)
Total comprehensive income for the period		-	16,158,305	(169,825)	15,988,480
Issue of share capital	26	10,000,000	-	-	10,000,000
Dividends	12	-	-	(288,000)	(288,000)
Transfers		-	(470,233)	470,233	-
<b>Balance at 30 March 2020</b>		<b>10,000,000</b>	<b>15,688,072</b>	<b>12,408</b>	<b>25,700,480</b>

**NATIONAL CARE GROUP HOLDINGS LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 MARCH 2020**

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	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Period ended 30 March 2020:</b>				
Profit and total comprehensive income for the period		-	288,000	288,000
Issue of share capital	<b>26</b>	10,000,000	-	10,000,000
Dividends	<b>12</b>	-	(288,000)	(288,000)
		<hr/>	<hr/>	<hr/>
<b>Balance at 30 March 2020</b>		10,000,000	-	10,000,000
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# NATIONAL CARE GROUP HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 MARCH 2020

	Notes	2020 £	£
<b>Cash flows from operating activities</b>			
Cash generated from/(absorbed by) operations	33	2,650,557	
Interest paid		(683,788)	
Income taxes paid		(1,173,007)	
<b>Net cash inflow/(outflow) from operating activities</b>			793,762
<b>Investing activities</b>			
Purchase of business		(8,030,956)	
Purchase of intangible assets		(116,369)	
Proceeds on disposal of intangibles		50,000	
Purchase of tangible fixed assets		(1,113,209)	
Proceeds on disposal of tangible fixed assets		870,130	
Interest received		477	
<b>Net cash used in investing activities</b>			(8,339,927)
<b>Financing activities</b>			
Repayment of borrowings		(8,938,114)	
Proceeds of new bank loans		19,600,000	
Repayment of bank loans		(980,250)	
Payment of finance leases obligations		(17,407)	
Dividends paid to equity shareholders		(288,000)	
<b>Net cash generated from/(used in) financing activities</b>			9,376,229
<b>Net increase in cash and cash equivalents</b>			1,830,064
Cash and cash equivalents at beginning of period			-
<b>Cash and cash equivalents at end of period</b>			1,830,064
<b>Relating to:</b>			
Cash at bank and in hand			1,830,116
Bank overdrafts included in creditors payable within one year			(52)

# **NATIONAL CARE GROUP HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE PERIOD ENDED 30 MARCH 2020**

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#### **1 Accounting policies**

##### **Company information**

National Care Group Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Suite 22 The Globe Centre, St James Square, Accrington, Lancashire, BB5 0RE.

The group consists of National Care Group Holdings Limited and all of its subsidiaries.

##### **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 £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. 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': 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 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

# **NATIONAL CARE GROUP HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE PERIOD ENDED 30 MARCH 2020**

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#### **1 Accounting policies**

**(Continued)**

##### **1.2 Basis of consolidation**

In the parent company financial statements, 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. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of National Care Group Holdings Limited and all of its subsidiaries (ie 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 year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 March 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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.

National Care Group Ltd and its subsidiaries have been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of National Care Group Ltd and its subsidiaries for the period from its acquisition on 31 March 2019. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Westward Capital Holdings Limited and its subsidiaries have been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Westward Capital Holdings Limited and its subsidiaries for the period from its acquisition on 31 March 2019. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

# NATIONAL CARE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 30 MARCH 2020

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#### 1 Accounting policies

(Continued)

##### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

In the annual review of the group's going concern, the directors have considered the long term impact of the corona virus, COVID-19, pandemic. Recent Government Procurement Policy Note sets out information and guidance for public bodies on payment of their suppliers to ensure service continuity during and after the current COVID-19 outbreak confirming that the suppliers will continue to be paid as normal. Further, the Government has put safety measures in place and has agreed to improve the supply of PPE to the care sector in order to protect the staffs and residents.

Having regard to the above and after making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

##### 1.4 Turnover

Turnover represents net invoiced to residents and is recognised in the period of residence.

##### 1.5 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 between 10 to 20 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.

##### 1.6 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.

# NATIONAL CARE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 30 MARCH 2020

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#### 1 Accounting policies

(Continued)

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:

Software	20% straightline
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#### 1.7 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:

Freehold land and buildings	Over 50 years
Leasehold land and buildings	4% reducing balance/Straightline over the lease term
Leasehold improvements	20% reducing balance/Straightline over the lease term
Plant and equipment	25% reducing balance/20-33% straightline
Fixtures and fittings	15 - 25% reducing balance/ 20-33% straightline
Computers	15 - 25% reducing balance/ 20-33% straightline
Motor vehicles	20 - 25% reducing balance/ 10-33% straightline

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 recognised in the profit and loss account.

#### 1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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.



# **NATIONAL CARE GROUP HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE PERIOD ENDED 30 MARCH 2020**

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#### **1 Accounting policies**

**(Continued)**

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. 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. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### **1.9 Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# NATIONAL CARE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 MARCH 2020

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### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.10 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.

#### 1.11 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 in the group's balance sheet 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 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.

# NATIONAL CARE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 30 MARCH 2020

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#### 1 Accounting policies

(Continued)

##### *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 group 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 group after deducting all of its liabilities.

##### *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.

# NATIONAL CARE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 30 MARCH 2020

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#### 1 Accounting policies

(Continued)

##### *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 group's contractual obligations expire or are discharged or cancelled.

#### 1.12 Equity instruments

Equity instruments issued by the group 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 group.

#### 1.13 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# NATIONAL CARE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 MARCH 2020

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### 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 if, and only if, there is 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.

#### 1.14 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.

#### 1.15 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.

#### 1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# **NATIONAL CARE GROUP HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE PERIOD ENDED 30 MARCH 2020**

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#### **1 Accounting policies**

**(Continued)**

##### **1.17 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

#### **2 Judgements and key sources of estimation uncertainty**

In the application of the group'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.

# NATIONAL CARE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 MARCH 2020

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### *Valuation of investments*

Investments in subsidiaries are initially measured at cost and subsequently at cost less impairment. In assessing whether an impairment should be recognised the directors consider the performance of the subsidiary as well as its expected future performance and its position at the reporting date.

#### *Goodwill*

The directors use their knowledge and experience to review the impairment of goodwill. The directors have considered that there is no impairment on goodwill on the basis that the company expects to generate cash flows in the foreseeable future from the cash generating units where the goodwill is allocated to.

#### *Freehold land and buildings*

Freehold land and buildings are valued at each balance sheet date at fair value. Fair value is ascertained through review of a number of factors and information flows, including market knowledge, recent market movements, historical experience and rent levels. There is an inevitable degree of judgement involved and value can only be reliably tested ultimately in the market itself.

### 3 Turnover and other revenue

	<b>2020</b>
	<b>£</b>
<b>Other significant revenue</b>	
Interest income	477
	<u>          </u>
	<b>2020</b>
	<b>£</b>
<b>Turnover analysed by geographical market</b>	
United Kingdom	59,855,739
	<u>          </u>

### 4 Exceptional item

	<b>2020</b>
	<b>£</b>
<b>Expenditure</b>	
Profit/(loss) on disposal of property	(590,376)
	<u>          </u>

**NATIONAL CARE GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 30 MARCH 2020**

**5 Operating profit**

**2020**  
**£**

Operating profit for the period is stated after charging/(crediting):

Depreciation of owned tangible fixed assets	1,473,606
Loss on disposal of tangible fixed assets	12,410
Amortisation of intangible assets	1,632,824
Release of negative goodwill	(290,636)
Profit on disposal of intangible assets	(5,252)
Operating lease charges	1,106,070

**6 Auditor's remuneration**

**2020**  
**£**

Fees payable to the company's auditor and associates:

**For audit services**

Audit of the financial statements of the group and company	-
Audit of the financial statements of the company's subsidiaries	371,066

**7 Employees**

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

	<b>Group 2020 Number</b>	<b>Company 2020 Number</b>
Care and support staff	2,093	-
Directors	9	7
Total	2,102	7



**NATIONAL CARE GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 30 MARCH 2020**

**7 Employees**

**(Continued)**

Their aggregate remuneration comprised:

	<b>Group 2020 £</b>	<b>Company 2020 £</b>
Wages and salaries	40,584,509	-
Social security costs	2,969,642	-
Pension costs	791,338	-
	<u>44,345,489</u>	<u>-</u>

**8 Directors' remuneration**

	<b>2020 £</b>
Remuneration for qualifying services	777,690
Company pension contributions to defined contribution schemes	53,203
	<u>830,893</u>

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

	<b>2020 £</b>
Remuneration for qualifying services	216,000
Company pension contributions to defined contribution schemes	1,316
	<u></u>

**9 Interest receivable and similar income**

	<b>2020 £</b>
<b>Interest income</b>	
Interest on bank deposits	8
Other interest income	469
	<u></u>
Total income	<u>477</u>

**NATIONAL CARE GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 30 MARCH 2020**

**10 Interest payable and similar expenses**

	<b>2020</b>
	<b>£</b>
Interest on bank overdrafts and loans	649,331
Other interest	34,457
	<u>          </u>
Total finance costs	<u><u>683,788</u></u>

**11 Taxation**

	<b>2020</b>
	<b>£</b>
<b>Current tax</b>	
UK corporation tax on profits for the current period	488,151
Adjustments in respect of prior periods	(326,267)
	<u>          </u>
Total current tax	<u><u>161,884</u></u>
<b>Deferred tax</b>	
Origination and reversal of timing differences	(122,747)
Changes in tax rates	139,872
	<u>          </u>
Total deferred tax	<u><u>17,125</u></u>
Total tax charge	<u><u>179,009</u></u>

**NATIONAL CARE GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 30 MARCH 2020**

**11 Taxation**

**(Continued)**

The actual charge for the period can be reconciled to the expected charge/(credit) for the period based on the profit or loss and the standard rate of tax as follows:

	<b>2020</b>
	<b>£</b>
Profit before taxation	9,184
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00%	1,745
Tax effect of expenses that are not deductible in determining taxable profit	376,335
Tax effect of income not taxable in determining taxable profit	(198,931)
Gain/rollover relief	125,882
Tax rate changes	139,870
Deferred tax not recognised	60,376
Rounding	(1)
Pre-acquisition credit	(326,267)
Taxation charge	179,009

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	<b>2020</b>
	<b>£</b>
Deferred tax arising on:	
Revaluation of property	2,263,142

**12 Dividends**

	<b>2020</b>
	<b>£</b>
Interim paid	288,000

**NATIONAL CARE GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 30 MARCH 2020**

**13 Intangible fixed assets**

<b>Group</b>	<b>Goodwill</b>	<b>Negative goodwill</b>	<b>Software</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 28 February 2019	-	-	-	-
Additions - separately acquired	-	-	116,369	116,369
Additions - business combinations	34,089,117	(5,812,720)	102,776	28,379,173
Disposals	(500,654)	-	-	(500,654)
	<u>33,588,463</u>	<u>(5,812,720)</u>	<u>219,145</u>	<u>27,994,888</u>
At 30 March 2020	33,588,463	(5,812,720)	219,145	27,994,888
<b>Amortisation and impairment</b>				
At 28 February 2019	-	-	-	-
Amortisation charged for the period	1,884,278	(290,636)	39,182	1,632,824
Disposals	(455,906)	-	-	(455,906)
	<u>1,428,372</u>	<u>(290,636)</u>	<u>39,182</u>	<u>1,176,918</u>
At 30 March 2020	1,428,372	(290,636)	39,182	1,176,918
<b>Carrying amount</b>				
At 30 March 2020	<u>32,160,091</u>	<u>(5,522,084)</u>	<u>179,963</u>	<u>26,817,970</u>

The company had no intangible fixed assets at 30 March 2020.

**NATIONAL CARE GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 30 MARCH 2020**

**14 Tangible fixed assets**

<b>Group</b>	<b>Freehold land and buildings</b>	<b>Leasehold land and buildings</b>	<b>Leasehold improvements</b>	<b>Plant and equipment</b>	<b>Fixtures and fittings</b>	<b>Computers</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost or valuation</b>								
At 28 February 2019	-	-	-	-	-	-	-	-
Additions	187,772	44,610	282,197	11,280	462,799	96,329	28,222	1,113,209
Business combinations	18,526,756	976,564	292,815	208,118	1,339,965	191,038	139,794	21,675,050
Disposals	(358,164)	-	-	-	-	-	(65,257)	(423,421)
Revaluation	15,383,260	-	-	-	-	-	-	15,383,260
Transfers	1,341,435	(1,243,914)	(196,244)	(457,282)	265,517	658	(15,157)	(304,987)
At 30 March 2020	35,081,059	(222,740)	378,768	(237,884)	2,068,281	288,025	87,602	37,443,111
<b>Depreciation and impairment</b>								
At 28 February 2019	-	-	-	-	-	-	-	-
Depreciation charged in the period	841,039	11,730	73,053	22,950	426,633	47,421	50,780	1,473,606
Eliminated in respect of disposals	(3,571)	-	-	-	-	-	(53,881)	(57,452)
Revaluation	(3,016,119)	-	-	-	-	-	-	(3,016,119)
Transfers	443,011	(462,797)	(135,244)	(325,306)	191,529	(1,023)	(9,230)	(299,060)
At 30 March 2020	(1,735,640)	(451,067)	(62,191)	(302,356)	618,162	46,398	(12,331)	(1,899,025)
<b>Carrying amount</b>								
At 30 March 2020	36,816,699	228,327	440,959	64,472	1,450,119	241,627	99,933	39,342,136

The company had no tangible fixed assets at 30 March 2020.

# NATIONAL CARE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 30 MARCH 2020

#### 14 Tangible fixed assets

(Continued)

All freehold land and buildings within the group apart from Unified Property Services Limited were revalued at 31 January 2019 by Cushman & Wakefield who are not connected with the company. The freehold land and buildings were valued at £24.74m. The valuation was made on an open market basis and was based on recent market transactions on arm's length terms for similar properties.

Freehold land and buildings of Unified Property Services Limited were revalued at 30 April 2019 by Avison Young who are not connected with the company. The freehold land and buildings were valued at £12m. The valuation was made on an open market basis and was based on recent market transactions on arm's length terms for similar properties.

The directors do not consider the market value of the freehold land and buildings as at 30 March 2020 to be materially different from the carrying value at the balance sheet date.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2020 £	Company 2020 £
Cost	19,277,928	-
Accumulated depreciation	(4,026,758)	-
Carrying value	15,251,170	-

The revaluation surplus is disclosed in note 27.

#### 15 Fixed asset investments

	Notes	Group 2020 £	Company 2020 £
Investments in subsidiaries	16	-	10,000,000

**NATIONAL CARE GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 30 MARCH 2020**

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**15 Fixed asset investments** **(Continued)**

**Movements in fixed asset investments**  
**Company**

**Shares in  
group  
undertakings  
£**

**Cost or valuation**

At 28 February 2019

-

Additions

10,000,000

At 30 March 2020

10,000,000

**Carrying amount**

At 30 March 2020

10,000,000

**16 Subsidiaries**

Details of the company's subsidiaries at 30 March 2020 are as follows:

# NATIONAL CARE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 MARCH 2020

### 16 Subsidiaries

(Continued)

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
National Care Group Ltd	England and Wales	Holding company	Ordinary	100.00	-
Affinity Supporting People Limited	England and Wales	Provision of care	Limited by guarantee	-	100.00
Care Assure Northampton Limited	England and Wales	Provision of care	Ordinary	-	100.00
Endurance Care Ltd	England and Wales	Provision of care	Ordinary	-	100.00
Essential Care & Support Limited	England and Wales	Provision of care	Ordinary	-	100.00
Harvard Homes Services Limited	England and Wales	Provision of care	Ordinary	-	100.00
Highlea Care Limited	England and Wales	Provision of care	Ordinary	-	100.00
Jamesons' Residential Home Limited	England and Wales	Provision of care	Ordinary	-	100.00
Kindstream Limited	England and Wales	Investment company	Ordinary	-	100.00
Newfield View Supported Living Limited	England and Wales	Provision of care	Limited by guarantee	-	100.00
North Western Housing Limited	England and Wales	Investment company	Ordinary	-	100.00
Oaklea Care Limited	England and Wales	Provision of care	Ordinary	-	100.00
Highlea Homes Limited	England and Wales	Investment company	Ordinary	-	100.00
Affinity Supporting People (South) Limited	England and Wales	Provision of care	Ordinary	-	100.00
Sunnyfield Support Services Limited	England and Wales	Provision of care	Ordinary	-	100.00
Your Life Care and Support Limited	England and Wales	Provision of care	Ordinary	-	100.00
Cornerstones (UK) Ltd	England and Wales	Provision of care	Ordinary	-	100.00
Atlantic Way Care Limited	England and Wales	Provision of care	Ordinary	-	100.00
Face 2 Face Care Limited	England and Wales	Provision of care	Ordinary	-	100.00
Wellington Support Limited	England and Wales	Provision of care	Ordinary	-	100.00
National Neurological Services Ltd	England and Wales	Provision of care	Ordinary	-	100.00
Shelton Care Holdings Limited	England and Wales	Holding company	Ordinary	-	100.00
Shelton Care Limited	England and Wales	Provision of care	Ordinary	-	100.00
National Supported Living Ltd	England and Wales	Dormant company	Ordinary	-	100.00
National Care Homes Limited	England and Wales	Dormant company	Ordinary	-	100.00
Regent College Limited	England and Wales	Dormant company	Ordinary	-	100.00
Richmond Care Homes Limited	England and Wales	Dormant company	Ordinary	-	100.00
Unified Resources Limited	England and Wales	Holding company	Ordinary	-	100.00
Unified Property Services Limited	England and Wales	Letting of properties	Ordinary	-	100.00
Integra Community Living Options Limited	England and Wales	Provision of care	Ordinary	-	100.00
Westward Capital Holdings Ltd	England and Wales	Holding company	Ordinary	100.00	-
Access Housing Limited	England and Wales	Holding company	Ordinary	-	100.00



# NATIONAL CARE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 MARCH 2020

### 16 Subsidiaries

(Continued)

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect	
Chosen Care Limited	England and Wales	Provision of care	Ordinary	-	100.00
Merry Den Care Limited	England and Wales	Provision of care	Ordinary	-	100.00
Westward Care Homes Limited	England and Wales	Provision of care	Ordinary	-	100.00

### 17 Financial instruments

	Group 2020 £	Company 2020 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	2,965,752	n/a
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	37,937,322	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

### 18 Debtors

	Group 2020 £	Company 2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,347,570	-
Other debtors	618,182	-
Prepayments and accrued income	4,584,168	-
	7,549,920	-
Deferred tax asset (note 24)	40,056	-
	7,589,976	-

**NATIONAL CARE GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 30 MARCH 2020**

**19 Creditors: amounts falling due within one year**

	Notes	Group 2020 £	Company 2020 £
Bank loans and overdrafts	21	1,307,052	-
Obligations under finance leases	22	12,804	-
Trade creditors		1,510,104	-
Corporation tax payable		3,162,171	-
Other taxation and social security		1,227,196	-
Other creditors		14,662,451	-
Accruals and deferred income		3,116,606	-
		<u>24,998,384</u>	<u>-</u>

**20 Creditors: amounts falling due after more than one year**

	Notes	Group 2020 £	Company 2020 £
Bank loans and overdrafts	21	17,312,750	-
Obligations under finance leases	22	15,555	-
		<u>17,328,305</u>	<u>-</u>

**21 Loans and overdrafts**

	Group 2020 £	Company 2020 £
Bank loans	18,619,750	-
Bank overdrafts	52	-
	<u>18,619,802</u>	<u>-</u>
Payable within one year	1,307,052	-
Payable after one year	17,312,750	-

The long-term loans are secured by fixed and floating charges over the assets of the group. Guarantees have been provided by the group companies.

# NATIONAL CARE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 MARCH 2020

### 21 Loans and overdrafts

(Continued)

In May 2019, National Care Group Ltd, its subsidiary company, obtained a loan of £19.6m from Allied Irish Bank primarily for redemption of its existing bank loans within the group companies. The loan is repayable on 16 May 2024 and the rate of interest charged on this loan is LIBOR plus 2.75% per annum.

### 22 Finance lease obligations

	Group 2020 £	Company 2020 £
Future minimum lease payments due under finance leases:		
Within one year	12,804	-
In two to five years	15,555	-
	<u>28,359</u>	<u>-</u>

The finance lease creditors are secured over the assets to which the lease relates.

### 23 Provisions for liabilities

	Notes	Group 2020 £	Company 2020 £
Dilapidations		15,000	-
Deferred tax liabilities	24	7,538,029	-
		<u>7,553,029</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

Group	Dilapidations £
Acquired in business combination	<u>15,000</u>

**NATIONAL CARE GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 30 MARCH 2020**

**24 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	<b>Liabilities</b>	<b>Assets</b>
	<b>2020</b>	<b>2020</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	4,840,989	-
Tax losses	-	7,976
Revaluations	2,697,040	-
Short term differences	-	32,080
	<u>7,538,029</u>	<u>40,056</u>

The company has no deferred tax assets or liabilities.

	<b>Group</b>	<b>Company</b>
	<b>2020</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Movements in the period:</b>		
Asset at 28 February 2019	-	-
Credit to profit or loss	(122,747)	-
Charge to other comprehensive income	2,213,332	-
Effect of change in tax rate - profit or loss	139,872	-
Effect of change in tax rate - other comprehensive income	49,810	-
Other	5,217,706	-
	<u>7,497,973</u>	<u>-</u>
Liability at 30 March 2020		

The deferred tax asset on short term timing differences is expected to reverse within 12 months against future expected profits of the same period. The remaining deferred tax balances are expected to reverse after 12 months.

**25 Retirement benefit schemes**

	<b>2020</b>
	<b>£</b>
<b>Defined contribution schemes</b>	
Charge to profit or loss in respect of defined contribution schemes	<u>791,338</u>

**NATIONAL CARE GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 30 MARCH 2020**

**25 Retirement benefit schemes**

**(Continued)**

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

**26 Share capital**

	<b>Group and company 2020 £</b>
<b>Ordinary share capital</b>	
<b>Issued and fully paid</b>	
10,000,000 Ordinary shares of £1 each	10,000,000

**27 Revaluation reserve**

	<b>Group 2020 £</b>	<b>Company 2020 £</b>
At the beginning of the period	-	-
Revaluation surplus arising in the year	18,421,447	-
Deferred tax on revaluation of tangible assets	(2,263,142)	-
Transfer to retained earnings	(470,233)	-
At the end of the period	15,688,072	-

**28 Profit and loss reserves**

	<b>Group 2020 £</b>	<b>Company 2020 £</b>
At the beginning of the period	-	-
Profit/(loss) for the period	(169,825)	288,000
Dividends	(288,000)	(288,000)
Transfer to reserves	470,233	-
At the end of the period	12,408	-

**NATIONAL CARE GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 30 MARCH 2020**

**29 Acquisitions**

On 31 March 2019 the group acquired 100 percent of the issued capital of National Care Group Ltd and Westward Capital Holdings Limited.

	<b>Book Value</b>	<b>Adjustments</b>	<b>Fair Value</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Intangible assets	18,003,747	-	18,003,747
Property, plant and equipment	18,236,720	-	18,236,720
Other intangible assets	102,776	-	102,776
Trade and other receivables	8,907,500	-	8,907,500
Cash and cash equivalents	3,477,677	-	3,477,677
Borrowings	(8,938,114)	-	(8,938,114)
Trade and other payables	(22,287,901)	-	(22,287,901)
Tax liabilities	(3,841,524)	-	(3,841,524)
Deferred tax	(1,599,690)	(3,083,792)	(4,683,482)
<b>Total identifiable net assets</b>	<b>12,061,191</b>	<b>(3,083,792)</b>	<b>8,977,399</b>
<b>Goodwill</b>			<b>1,022,601</b>
<b>Total consideration</b>			<b>10,000,000</b>
The consideration was satisfied by:			<b>£</b>
Issue of shares			<b>10,000,000</b>
Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:			<b>£</b>
Turnover			<b>59,855,739</b>
Loss after tax			<b>(169,825)</b>

**NATIONAL CARE GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 30 MARCH 2020**

**29 Acquisitions**

**(Continued)**

On 17 May 2019 the group acquired 100 percent of the issued capital of Unified Resources Limited.

	<b>Book Value</b>	<b>Adjustments</b>	<b>Fair Value</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Property, plant and equipment	3,438,330	-	3,438,330
Investments	1,004	-	1,004
Trade and other receivables	2,575,152	-	2,575,152
Cash and cash equivalents	773,242	-	773,242
Obligations under finance leases	(45,766)	-	(45,766)
Trade and other payables	(2,829,142)	-	(2,829,142)
Tax liabilities	(240,959)	-	(240,959)
Provisions	(15,000)	-	(15,000)
Deferred tax	(34,846)	(590,189)	(625,035)
	<u>3,622,015</u>	<u>(590,189)</u>	<u>3,031,826</u>
Goodwill			<u>9,250,049</u>
Total consideration			<u>12,281,875</u>
The consideration was satisfied by:			<b>£</b>
Cash			<u>12,281,875</u>
Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:			<b>£</b>
Turnover			4,503,325
Profit after tax			<u>1,033,299</u>

# NATIONAL CARE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 MARCH 2020

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### 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 2020 £	Company 2020 £
Within one year	473,730	-
Between two and five years	776,950	-
In over five years	65,548	-
	<u>1,316,228</u>	<u>-</u>

### 31 Related party transactions

Included within other creditors is an amount of £12,035.428 due to Global Capital Holdings Ltd, a company where Mr F Lalani and Mr J Mawji have an interest.

### 32 Directors' transactions

Dividends totalling £144,000 were paid in the period in respect of shares held by the company's directors.

Included within other creditors is an amount of £93,782 due to the directors.



**NATIONAL CARE GROUP HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 30 MARCH 2020**

**33 Cash generated from/(absorbed by) group operations**

	<b>2020</b>
	<b>£</b>
Loss for the period after tax	(169,825)
<b>Adjustments for:</b>	
Taxation charged	179,009
Finance costs	683,788
Investment income	(477)
Loss on disposal of tangible fixed assets	12,410
Gain on disposal of intangible assets	(5,252)
Amortisation and impairment of intangible assets	1,632,824
Depreciation and impairment of tangible fixed assets	1,473,607
<b>Movements in working capital:</b>	
Decrease in debtors	3,446,493
Decrease in creditors	(4,602,020)
<b>Cash generated from/(absorbed by) operations</b>	<b>2,650,557</b>

**34 Analysis of changes in net debt - group**

	<b>28 February 2019</b>	<b>Cash flows</b>	<b>30 March 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	-	1,830,116	1,830,116
Bank overdrafts	-	(52)	(52)
	-	1,830,064	1,830,064
Borrowings excluding overdrafts	-	(18,619,750)	(18,619,750)
Obligations under finance leases	-	(28,359)	(28,359)
	-	(16,818,045)	(16,818,045)