Company registration number 04298662 (England and Wales)



# WILLCARE HOLDINGS LIMITED

# ANNUAL REPORT AND FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 30 SEPTEMBER 2022

# WILLCARE HOLDINGS LIMITED

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | D W Davies<br>J P George |
| **Secretary** | G M Gatty |
| **Company number** | 04298662 |
| **Registered office** | 128 Buckingham Palace Road<br>London<br>United Kingdom<br>SW1W 9SA |
| **Auditor** | Johnston Carmichael LLP<br>7-11 Melville Street<br>Edinburgh<br>EH3 7PE |

# WILLCARE HOLDINGS LIMITED

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# WILLCARE HOLDINGS LIMITED

## DIRECTORS' REPORT

## *FOR THE YEAR ENDED 30 SEPTEMBER 2022*

The directors present their annual report and financial statements for the year ended 30 September 2022.

**Principal activities**

The principal activity of the Group continued to be that of maintaining and providing building management for NHS Property Services on a 30-year contract. The subsidiary company, Willcare (MIM) Limited is a Special Purpose Vehicle for a development under the Private Finance Initiative, and the parent company continued to be that of a holding company for the investment in that subsidiary undertaking.

**Results and dividends**

The results for the year are set out on page 8. Ordinary dividends totalling £1,033,000 were paid (2021: £742,000). The directors do not recommend payment of a further dividend.

**Directors**

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

D W Davies
J P George

**Indemnity provisions**

Indemnity provisions are in place whereby the directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year, but have not been utilised by the directors.

**Financial risk management policy**

The Group recognises that effective risk management is fundamental to achieving its business objectives in order to meet its commitments in fulfilling the PFI contract and in delivering a safe and efficient service. Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to improve business performance and fulfil the Group's contractual obligations.

***Major maintenance***

There is a risk that maintenance costs exceed those forecasted in the financial model agreed at Financial Close (and updated through later reprofiling as appropriate). This risk is mitigated by regular management review of actual expenditure against budget and technical evaluations of the physical condition of the facilities.

***Availability***

Investment in the project is funded by debt. During the operational phase the principal source of funds available to meet its liabilities is from the unitary charge received from the Authority. Failure to achieve the forecast levels of availability would result in lower than forecast revenues and this may adversely affect the group's ability to make payments to debt holders. Availability is forecast to be high, with no anticipated interruptions.

***Service performance***

Performance risk under the Project Agreement and related contracts are passed on to the service providers. The obligations of these subcontractors are underwritten by parent company guarantees. Ultimately, poor performance may result in the Authority having the right to terminate the Project Agreement. There is no history of high levels of poor performance and none anticipated.

***Credit risk***
The Group's credit risk is primarily attributable to its trade and other receivables and the finance debtor. With the exception of relatively small trade receivables for activities ancillary to the PFI contracts recharged to other parties, the receivables arise from NHS Property Services. The credit and cash flow risks are not considered significant as the client is a quasi-governmental organisation.

For cash and short-term deposits, where they do occur, are subject to terms under the Credit Facility Agreement, notably 'Authorised Investments', which restrict the maximum aggregate Authorised Investment with any one institution and with a maximum maturity of six months.

***Interest rate risk/ Inflation risk***
All borrowings are at a fixed rate, due to a corresponding hedge in place for the long term debt finance, to mitigate interest rate risk. The majority of the Group's borrowings comprise the bank loans of £11,614,774 and subordinated loan notes of £1,200,972. Repayment of this debt, in addition to meeting operational expenditure commitments, will be made from income which is itself subject to indexation. The Group therefore mitigates any exposure to movements in the retail price index.

***Tax risk***

The Group is exposed to changes in tax rates, as an increase in tax rate will increase the tax charge for the year, increasing tax outflow in future years of the concession.

***Liquidity risk***
The Group's liquidity risk is principally managed through financing the Group by means of long-term borrowings with an amortising profile that matches the expected availability of funds from the Group's operating activities.

***Claims/ disputes***
The Group is exposed to the risk of claims and disputes from contractual requirements not being met. The Directors have considered whether any such potential claims exist and have not identified any material issues.

**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

..............................
D W Davies
**Director**

Date: 09 / 03 / 2023

# WILLCARE HOLDINGS LIMITED

## DIRECTORS' RESPONSIBILITIES STATEMENT

## *FOR THE YEAR ENDED 30 SEPTEMBER 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

# INDEPENDENT AUDITOR'S REPORT

# TO THE MEMBERS OF WILLCARE HOLDINGS LIMITED

**Opinion**

We have audited the financial statements of Willcare Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2022 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 September 2022 and of the group's profit for the year 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

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

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 parent company and its environment obtained in the course of the audit, we have not identified material misstatements in 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

**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 and 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 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: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

*Extent the audit is considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non- compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent company and the sector in which it operates, focusing on provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- FRS 102
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation

We gained an understanding of how the group and company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries by review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the group and parent company's procurement of legal and professional services; and
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.
- Completion of appropriate checklists and use of our experience to access the group and parent company's compliance with the Companies Act 2006: and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

**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.

Johnston Carmichael LLP

**Irvine Spowart (Senior Statutory Auditor)**
**For and on behalf of Johnston Carmichael LLP**
**Statutory Auditor**

7-11 Melville Street
Edinburgh
EH3 7PE

Date: 10 / 03 / 2023

## GROUP STATEMENT OF COMPREHENSIVE INCOME

### *FOR THE YEAR ENDED 30 SEPTEMBER 2022*

| | Notes | 2022<br>£ | 2021<br>£ |
|---|---|---|---|
| **Turnover** | 3 | 3,923,069 | 3,148,026 |
| Cost of sales | | (2,356,754) | (1,760,544) |
| **Gross profit** | | 1,566,315 | 1,387,482 |
| Administrative expenses | | (378,475) | (372,747) |
| Other operating income | | 50,000 | 50,000 |
| **Operating profit** | | 1,237,840 | 1,064,735 |
| Interest receivable and similar income | 7 | 953,363 | 1,004,703 |
| Interest payable and similar expenses | 6 | (839,725) | (869,602) |
| Fair value movement on derivative | 9 | 2,183,334 | 1,020,719 |
| **Profit before taxation** | | 3,534,812 | 2,220,555 |
| Tax on profit | 8 | (593,418) | (362,064) |
| **Profit for the financial year** | 20 | 2,941,394 | 1,858,491 |

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

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

No other comprehensive income has been presented as there have been no other comprehensive income in either current or previous years.

The notes on pages 14 to 29 form part of these financial statements.

# WILLCARE HOLDINGS LIMITED

## GROUP STATEMENT OF FINANCIAL POSITION

### *AS AT 30 SEPTEMBER 2022*

| | Notes | 2022 £ | 2022 £ | 2021 £ | 2021 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Financial asset | 11 | | 18,173,475 | | 18,971,204 |
| **Current assets** | | | | | |
| Debtors | 15 | 514,787 | | 450,684 | |
| Cash at bank and in hand | | 2,811,570 | | 2,667,419 | |
| | | 3,326,357 | | 3,118,103 | |
| **Creditors: amounts falling due within one year** | 16 | (2,889,883) | | (2,711,741) | |
| **Net current assets** | | | 436,474 | | 406,362 |
| **Total assets less current liabilities** | | | 18,609,949 | | 19,377,566 |
| **Creditors: amounts falling due after more than one year** | 17 | | (12,465,467) | | (15,141,478) |
| **Net assets** | | | 6,144,482 | | 4,236,088 |
| **Capital and reserves** | | | | | |
| Called up share capital | 19 | | 10,420 | | 10,420 |
| Profit and loss reserve | 20 | | 6,134,062 | | 4,225,668 |
| **Total equity** | | | 6,144,482 | | 4,236,088 |

The notes on pages 14 to 29 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 09 / 03 / 2023 and are signed on its behalf by:

..............................

D W Davies
**Director**

# WILLCARE HOLDINGS LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION

### *AS AT 30 SEPTEMBER 2022*

| | | 2022 | | 2021 | |
|---|---|---|---|---|---|
| | Notes | £ | £ | £ | £ |
| **Fixed assets** | | | | | |
| Investments | 12 | | 16,500,844 | | 15,283,714 |
| **Current assets** | | | | | |
| Cash at bank and in hand | | 420 | | 420 | |
| **Creditors: amounts falling due within one year** | 16 | (71,617) | | (66,567) | |
| **Net current liabilities** | | | (71,197) | | (66,147) |
| **Total assets less current liabilities** | | | 16,429,647 | | 15,217,567 |
| **Creditors: amounts falling due after more than one year** | 17 | | (1,171,025) | | (1,242,644) |
| **Net assets** | | | 15,258,622 | | 13,974,923 |
| **Capital and reserves** | | | | | |
| Called up share capital | 19 | | 10,420 | | 10,420 |
| Fair value reserve | | | 15,248,202 | | 13,964,503 |
| **Total equity** | | | 15,258,622 | | 13,974,923 |

The notes on pages 14 to 29 form part of these financial statements.

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 £2,316,699 (2021 - £1,133,338 loss).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 09 / 03 / 2023 ........................ and are signed on its behalf by:

..............................

D W Davies
**Director**

**Company Registration No. 04298662**

# WILLCARE HOLDINGS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

## *FOR THE YEAR ENDED 30 SEPTEMBER 2022*

| | Notes | Share capital £ | Profit and loss reserve £ | Total £ |
|---|---|---|---|---|
| **Balance at 1 October 2020** | | 10,420 | 3,109,177 | 3,119,597 |
| **Year ended 30 September 2021:** | | | | |
| Profit and total comprehensive income for the year | | - | 1,858,491 | 1,858,491 |
| Dividends | **10** | - | (742,000) | (742,000) |
| **Balance at 30 September 2021** | | 10,420 | 4,225,668 | 4,236,088 |
| **Year ended 30 September 2022:** | | | | |
| Profit and total comprehensive income for the year | | - | 2,941,394 | 2,941,394 |
| Dividends | **10** | - | (1,033,000) | (1,033,000) |
| **Balance at 30 September 2022** | | 10,420 | 6,134,062 | 6,144,482 |

The notes on pages 14 to 29 form part of these financial statements.

# WILLCARE HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

***FOR THE YEAR ENDED 30 SEPTEMBER 2022***

| | Notes | Share capital £ | Fair value reserve £ | Profit and loss reserve £ | Total £ |
|---|---|---|---|---|---|
| **Balance at 1 October 2020** | | 10,420 | 15,839,841 | - | 15,850,261 |
| **Year ended 30 September 2021:** | | | | | |
| Profit and total comprehensive income for the year | | - | (1,875,338) | 742,000 | (1,133,338) |
| Dividends | **10** | - | - | (742,000) | (742,000) |
| **Balance at 30 September 2021** | | 10,420 | 13,964,503 | - | 13,974,923 |
| **Year ended 30 September 2022:** | | | | | |
| Profit and total comprehensive income for the year | | - | 1,283,699 | 1,033,000 | 2,316,699 |
| Dividends | **10** | - | - | (1,033,000) | (1,033,000) |
| **Balance at 30 September 2022** | | 10,420 | 15,248,202 | - | 15,258,622 |

The notes on pages 14 to 29 form part of these financial statements.

# WILLCARE HOLDINGS LIMITED

## GROUP STATEMENT OF CASH FLOWS

### *FOR THE YEAR ENDED 30 SEPTEMBER 2022*

| | Notes | 2022 £ | 2022 £ | 2021 £ | 2021 £ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash absorbed by operations | 23 | | (2,064,405) | | (1,544,758) |
| Interest paid | | | (860,730) | | (893,244) |
| Income taxes (paid)/refunded | | | (158,449) | | 1,732 |
| **Net cash outflow from operating activities** | | | (3,083,584) | | (2,436,270) |
| **Investing activities** | | | | | |
| Receipts on financial asset | | 5,139,733 | | 4,916,906 | |
| **Net cash generated from investing activities** | | | 5,139,733 | | 4,916,906 |
| **Financing activities** | | | | | |
| Repayment of debentures | | (66,567) | | (65,401) | |
| Repayment of bank loans | | (812,431) | | (855,962) | |
| Dividends paid to equity shareholders | | (1,033,000) | | (742,000) | |
| **Net cash used in financing activities** | | | (1,911,998) | | (1,663,363) |
| **Net increase in cash and cash equivalents** | | | 144,151 | | 817,273 |
| Cash and cash equivalents at beginning of year | | | 2,667,419 | | 1,850,146 |
| **Cash and cash equivalents at end of year** | | | 2,811,570 | | 2,667,419 |

The notes on pages 14 to 29 form part of these financial statements.

## 1 Accounting policies

**Company information**

Willcare Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales and the registered number is 04298662. The registered office is 128 Buckingham Palace Road, London, United Kingdom, SW1W 9SA.

The group consists of Willcare 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 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 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

**LIBOR/ SONIA transition**

The company's term loan is charged interest at 1.05% over LIBOR. From the 1 January 2022 interest was charged at 1.05% over SONIA. The value of the term loan and interest rate swap was reviewed in the year to 30 September 2022 as part of the transition. The effect of the change was not considered to be material.

**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 group financial statements consist of the financial statements of the parent company Willcare Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 September 2022. 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.

**1.3 Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts covering a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the Group and Company will have sufficient funds to meet its liabilities as they fall due for that period and to operate within the covenants on its external borrowings

Specifically, the directors have considered if, in modelled severe but plausible downside scenarios, the level of operational performance of the Group would lead to service failure points being awarded against the Group in accordance with the terms of Group's contract with Brent Primary Care Trust (now NHS Property Services) (the "Trust") sufficient to cause an event of default under the terms of the Group's external borrowings. To date, there has been no material adverse impact on the Group's cashflows, or the service levels provided and no indication of heightened risk of subcontractor failure. As a result, the cashflow forecasts indicate that, even in downside scenarios, the Group will be able to meet its liabilities as they fall due.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**1 Accounting policies** **(Continued)**

**1.4 Turnover**

**Public to private concession arrangements**

A substantial portion of the company's assets are used within the framework of concession contracts granted by public sector customers ('grantors'). Under these contracts, the company constructs primary care centres that are leased to the NHS on a 30 year lease.

There is additional turnover received for pass through costs recovered from NHS Property Services for direct purchasing of consumables as well as minor works undertaken by the FM contractor that are outside both the Principal and FM contract.

To be classified as a Service Concession Arrangement under section 34 of FRS 102, a contract must satisfy the following two criteria:

- the grantor controls or regulates what services the operator must provide using the infrastructure, to whom, and at what price; and
- the grantor controls, through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the terms of the arrangement.

Pursuant to section 34 of FRS 102, such infrastructure is not recognised as assets of the operator as property, plant and equipment but as financial assets ( 'financial asset model').

**Financial asset model**

The financial asset model applies when the operator has an unconditional right to receive cash or other financial asset from the grantor.

In the case of concession services the operator has an unconditional right if the grantor contractually guarantees the payment of:

- amounts specified or determined in the contract or
- the shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract.

Financial assets resulting from the application of section 34 of FRS 102 are recorded in the balance sheet under the heading financial assets and measured at amortised cost.

Pursuant to section 23 of FRS 102, revenue associated with this financial model comprises of service remuneration which relates to the lifecycle maintenance and facilities income and ad hoc property related services income.

**1.5 Financial assets**

The financial asset is stated at amortised cost using the effective rate of interest. The effective rate of interest method is a method of calculating the amortised costs of a financial asset and of allocating interest expense over the relevant period. The effective interest rate is the rate which exactly discounts estimated future cash payments through the expected life of the financial asset.

**1.6 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 are held at fair value with changes in fair value going through the fair value reserve.

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.

**1 Accounting policies** **(Continued)**

**1.7 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.

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.

**1.8 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.

Cash and cash equivalents includes £1,904,040 (2021: £1,536,040) restricted from use in the business as held in the company's reserve accounts under the terms of its senior loan facility.

**1.9 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 statement of financial position 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.

**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, 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 separately recognised in profit or loss in finance costs or finance income as appropriate.

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 Accounting policies** **(Continued)**

**1.10 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.

**1.11 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 income statement 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.

***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 income statement, 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.

**1.12 Finance issue costs**

The costs incurred directly in connection with the financing of the project undertaken by the company are deducted from the proceeds raised and amortised over the period of the financing, in accordance with Section 11 of FRS 102.

**1 Accounting policies** **(Continued)**

**1.13 Service Concession Accounting**

The company is an operator of a Public Finance Initiative ("PFI") contract. The company entered into a project agreement (the "contract") with Brent Primary Care Trust (now NHS Property Services) (the "Trust") to design, build, finance, operate and maintain community hospitals. The contract negotiations were successfully completed on 6th December 2002 and construction commenced on 6th January 2003. The project has been fully operational since April 2005. The concession period is for 30 years (post Construction), during this period the company has contracted to provide soft services to the Trust. The company has passed these obligations down to a subcontractor via a subcontract. The obligation to provide major maintenance works (lifecycle) is undertaken by the Facilities Management Provider, however the risk that the costs exceed those forecast (and the benefit in the case of savings) in the financial model is borne by the company. The timing and extent of the major maintenance works is a key assumption that will affect the cashflows of the company, further information is shown in Note 2. The contract does not entitle the Trust to any share of the profits of the company.

The Trust are entitled to terminate the Contract at any time by giving 12 months written notice. If the Trust exercise this right they are liable to pay the company compensation as set out in the Contract, which would include the senior debt, redundancy costs and other Facilities Management provider losses and the market value of the subordinated debt and shareholder equity.

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon becoming operational, the costs were transferred to the financial asset. During the operational phase income is allocated between interest receivable and the financial asset using a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS102 section 23. The company recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

**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.

**Critical judgements**

There are not deemed to be any critical judgements within these financial statements.

## 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.

***Service concession arrangement***

Accounting for the service concession contract and financial asset requires of estimation of service margins, interest rates and associated amortisation profile which is based on forecasted results of the service concession contract. Lifecycle maintenance costs are a significant proportion of future expenditure. Given the length of the Company's service concession contract, the forecast of lifecycle maintenance costs is subject to significant estimation uncertainty and changes in the amount and timing of expenditure could have a significant impact on the Company. As a result, there is a significant level of judgement applied in estimating future lifecycle costs. To reduce the risk of misstatement, future estimates of expenditure are prepared by maintenance experts on an asset by asset basis and periodic technical evaluations of the physical condition of the facilities are undertaken. Comparisons of actual expenditure are compared to the lifecycle maintenance forecast, and in the current year, the forecast was for a total spend of £238,579. The actual spend was £290,432. If lifecycle costs cumulatively, over the remainder of the concession increased or decreased by 5%, the impact would be a decrease or increase in profit of £79,226 and £77,389 respectively.

***Valuation of investment in subsidiaries***

The valuation of the investment in subsidiaries requires judgements around the discount rate of 7.3% (2021: 6.6%) applied to the future cashflows of the investment (see note 11). An increase of 0.5% to the discount rate would decrease the fair value by £581,321, with a 0.5% decrease to the rate increasing the fair value by £553,136.

## 3 Turnover and other revenue

The turnover and profit before taxation are attributable to the one principal activity of the group.

All turnover originates in the United Kingdom.

All turnover relates to services provided under the Service Agreement including all variations to the contract since the date of commencement.

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| **Turnover analysed by class of business** | | |
| Service revenue | 3,388,641 | 3,083,837 |
| Other revenue | 534,428 | 64,189 |
| | 3,923,069 | 3,148,026 |

## 4 Auditor's remuneration

| | 2022 | 2021 |
|---|---|---|
| Fees payable to the company's auditor and associates: | £ | £ |
| **For audit services** | | |
| Audit of the financial statements of the group and company | 2,200 | 2,000 |
| Audit of the financial statements of the company's subsidiaries | 15,350 | 16,500 |
| | 17,550 | 18,500 |

## 4 Auditor's remuneration (Continued)

Auditors remuneration is payable to Johnston Carmichael LLP.

No non audit services have been provided in either year.

## 5 Employees

The average monthly number of persons (including directors) employed by the group and the company during the year was none (2021: none). The directors did not receive any remuneration form the group during the year (2021: £nil). During the year the Group paid £100,000 (2021: £100,000) to Infrastructure Investments Holdings Limited, a related entity, for provision of two directors.

## 6 Interest payable and similar expenses

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Interest on bank overdrafts and loans | 659,100 | 680,108 |
| Interest payable to group undertakings | 180,625 | 189,494 |
| Total finance costs | 839,725 | 869,602 |

## 7 Interest receivable and similar income

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| **Interest income** | | |
| Financial asset interest receivable | 953,363 | 1,004,703 |

## 8 Taxation

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| **Current tax** | | |
| UK corporation tax on profits for the current period | 593,418 | 362,064 |

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 |
|---|---|---|
| | £ | £ |
| Profit before taxation | 3,534,812 | 2,220,555 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | 671,614 | 421,905 |
| Tax effect of income not taxable in determining taxable profit | (78,196) | (59,841) |
| Taxation charge | 593,418 | 362,064 |

**8 Taxation** **(Continued)**

*Factors impacting the tax charge:*

The March 2021 Budget announced that a rate of 25% would apply from 1 April 2023. This will increase the group's future current tax charge accordingly.

**9 Fair value movements**

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Fair value movement on derivatives | 2,183,334 | 1,020,719 |

**10 Dividends**

| | 2022 | 2021 |
|---|---|---|
| Recognised as distributions to equity holders: | £ | £ |
| Final paid | 1,033,000 | 742,000 |

**11 Financial assets**

| **Group** | **Financial assets** |
|---|---|
| | **£** |
| **Cost** | |
| At 1 October 2021 | 18,971,204 |
| **Income recognised in the profit or loss** | |
| Service revenue | 3,388,641 |
| Interest income | 953,363 |
| | 4,342,004 |
| **Other movements** | |
| Cash received | (5,139,733) |
| | (797,729) |
| At 30 September 2022 | 18,173,475 |
| **Fair value** | |
| At 30 September 2022 | 18,173,475 |
| At 30 September 2021 | 18,971,204 |

The company had no financial assets at 30 September 2022 or 30 September 2021.

## 12 Fixed asset investments

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | Notes | £ | £ | £ | £ |
| Investments in subsidiaries | 13 | - | - | 15,258,202 | 13,974,503 |
| Loans to subsidiaries: Current | 13 | - | - | 71,617 | 66,567 |
| Loans to subsidiaries: Non - Current | | - | - | 1,171,025 | 1,242,644 |
| | | - | - | 16,500,844 | 15,283,714 |

Fixed asset investments were valued on a future cash flow basis on 30 September 2022 by the directors. If the fixed assets had not been revalued they would have been included at the historical cost of £10,000 (2021: £10,000).

**Movements in fixed asset investments**

| Company | Shares in group undertakings and participating interests | Loans to group undertakings and participating interests | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost or valuation** | | | |
| At 1 October 2021 | 13,974,503 | 1,309,211 | 15,283,714 |
| Fair value movement | 1,283,699 | - | 1,283,699 |
| Net repayment | - | (66,569) | (66,569) |
| At 30 September 2022 | 15,258,202 | 1,242,642 | 16,500,844 |
| **Carrying amount** | | | |
| At 30 September 2022 | 15,258,202 | 1,242,642 | 16,500,844 |
| At 30 September 2021 | 13,974,503 | 1,309,211 | 15,283,714 |

## 13 Subsidiaries

Willcare (MIM) Limited is a Special Purpose Vehicle for a development under the Private Finance Initiative.

The company held £1,395,000 Series 1 subordinated loan notes, £500,000 Series 2 loan notes and £59,580 Series 3 subordinated loan notes in Willcare (MIM) Limited initially issued December 2002. The Series 1 and 3 subordinated loan notes attract interest at 14% per annum from the date of building services completion, which was 31 March 2005.

The Series 2 subordinated loan notes attract interest at 7% per annum from commencement of the loan in December 2002 until the date of completion, and 14% thereafter. Interest is to be capitalised until the date of completion.

The loan notes are repayable in six monthly instalments commencing September 2005 until the termination date, which is defined as March 2032.

Details of the company's subsidiaries at 30 September 2022 are as follows:

## 13 Subsidiaries (Continued)

| Name of undertaking | Registered office | Nature of business | Class of shares held | % Held Direct |
|---|---|---|---|---|
| Willcare (MIM) Limited | 128 Buckingham Palace Road, London, SW1W 9SA | Property investment and management | Ordinary | 100.00 |

## 14 Financial instruments

| | Group 2022 | 2021 | Company 2022 | 2021 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Carrying amount of financial assets** | | | | |
| Debt instruments measured at amortised cost | 12,503 | 14,272 | - | - |
| Instruments measured at fair value through profit or loss | 4,348 | - | 15,258,202 | 13,974,503 |
| **Carrying amount of financial liabilities** | | | | |
| Measured at fair value through profit or loss | - | 2,178,985 | - | - |
| Measured at amortised cost | 14,168,792 | 14,895,668 | - | - |

Financial assets measured at amortised cost relate to trade debtors.

Financial assets measured at fair value through profit and loss relate to interest rate swap, which has been determined by reference to prices available from the markets on which the instruments involved are traded. The cashflows arising from the interest rate swap will continue until their maturity 31 March 2031, coincidental with the repayment of the term loan.

Financial liabilities measured at amortised cost comprise subordinated loans, bank loans, trade creditors and other creditors.

## 15 Debtors

| | Group 2022 | 2021 | Company 2022 | 2021 |
|---|---|---|---|---|
| **Amounts falling due within one year:** | £ | £ | £ | £ |
| Trade debtors | 12,503 | 14,272 | - | - |
| Derivative financial instruments | 4,348 | - | - | - |
| Prepayments and accrued income | 497,936 | 436,412 | - | - |
| | 514,787 | 450,684 | - | - |

## 16 Creditors: amounts falling due within one year

| | Notes | Group 2022 £ | 2021 £ | Company 2022 £ | 2021 £ |
|---|---|---|---|---|---|
| Subordinated loans | 18 | 68,285 | 63,234 | 71,617 | 66,567 |
| Bank loans | 18 | 856,994 | 811,994 | - | - |
| Trade creditors | | 251,245 | 195,408 | - | - |
| Corporation tax payable | | 964,435 | 529,466 | - | - |
| Other taxation and social security | | 222,123 | 249,100 | - | - |
| Derivative financial instruments | | - | 478,690 | - | - |
| Other creditors | | - | 6,264 | - | - |
| Accruals and deferred income | | 526,801 | 377,585 | - | - |
| | | 2,889,883 | 2,711,741 | 71,617 | 66,567 |

Subordinated loans are shown net of issue costs £3,333 (2021: £3,333).

## 17 Creditors: amounts falling due after more than one year

| | Notes | Group 2022 £ | 2021 £ | Company 2022 £ | 2021 £ |
|---|---|---|---|---|---|
| Subordinated loans | 18 | 1,132,687 | 1,200,972 | 1,171,025 | 1,242,644 |
| Bank loans and overdrafts | 18 | 10,757,780 | 11,615,211 | - | - |
| Derivative financial instruments | | - | 1,700,295 | - | - |
| Accruals and deferred income | | 575,000 | 625,000 | - | - |
| | | 12,465,467 | 15,141,478 | 1,171,025 | 1,242,644 |

Subordinated loans are shown net of issue costs £38,339 (2021: £41,672).

Amounts included above which fall due after five years (excluding derivative financial instruments and gross of issue costs) are as follows:

| | | | | |
|---|---|---|---|---|
| Payable by instalments | 6,839,702 | 8,128,989 | 783,431 | 889,701 |

### 18 Loans and overdrafts

| | Group 2022 £ | 2021 £ | Company 2022 £ | 2021 £ |
|---|---|---|---|---|
| Subordinated loans - Series 1 | 730,915 | 777,960 | 730,913 | 777,960 |
| Subordinated loans - Series 2 | 482,824 | 496,626 | 482,824 | 496,626 |
| Subordinated loans - Series 3 | 28,905 | 34,625 | 28,905 | 34,625 |
| Subordinated loans - issue costs | (41,672) | (45,005) | - | - |
| Bank loans | 11,614,774 | 12,427,205 | - | - |
| | 12,815,746 | 13,691,411 | 1,242,642 | 1,309,211 |
| Payable within one year | 925,279 | 875,228 | 71,617 | 66,567 |
| Payable after one year | 11,890,467 | 12,816,183 | 1,171,025 | 1,242,644 |

The bank loan £11,614,774 (2021: £12,427,205) is secured over the company's financial assets and by a fixed and floating charge over all of the remaining assets of the company.

The term loan represents amounts drawn down on an available facility of up to £26,080,000. Interest is chargeable on the loan at a rate of LIBOR plus 1.05%. The terms of the loan provides for repayment by instalments every six months commencing from September 2005 until the termination date, which is defined as March 2032.

The subordinated loan notes are stated net of issue costs of £41,672 (2021: £45,005). The Series 1 subordinated loan notes of £1,395,000 attract interest at 14% per annum from the date of building services completion, which was March 2005.

The Series 2 subordinated loan notes of £500,000 attract interest at 7% per annum from commencement of the loan in December 2002 until date of completion and 14% thereafter.

The Series 3 subordinated loan notes of £59,580 attract interest at 7% per annum from the date of building services completion, which was March 2005.

The loan notes are repayable in six monthly instalments commencing from September 2005 until the termination date, which is defined as March 2032

### 19 Share capital

| Group and company<br>Ordinary share capital<br>Issued and fully paid | 2022 Number | 2021 Number | 2022 £ | 2021 £ |
|---|---|---|---|---|
| Ordinary of £1 each | 10,420 | 10,420 | 10,420 | 10,420 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the company.

## 20 Profit and loss reserve

| | Group 2022 £ | 2021 £ | Company 2022 £ | 2021 £ |
|---|---|---|---|---|
| At the beginning of the year | 4,225,668 | 3,109,177 | - | - |
| Profit/(loss) for the year | 2,941,394 | 1,858,491 | 2,316,699 | (1,133,338) |
| Current year profits transferred to non-distributable reserve | - | - | (1,283,699) | 1,875,338 |
| Dividends | (1,033,000) | (742,000) | (1,033,000) | (742,000) |
| At the end of the year | 6,134,062 | 4,225,668 | - | - |

## 21 Related party transactions

The Group (and company) is wholly owned by Infrastructure Investment Holdings Limited and has taken advantage of the exemption in section 33 of FRS 102 'Related Party Disclosures', that allows it not to disclose transactions with wholly owned members of a group. Balances held with related parties are disclosed in notes 12, 16 and 17.

During the year, directors fees of £100,000 (2021: £100,000) were paid to Infrastructure Investment Holdings Limited, an intermediate holding company. At the balance sheet date, the company owed £50,000 (2021: £nil) as accrued expenditure to Infrastructure Investment Holdings Limited.

## 22 Controlling party

The company is a wholly owned subsidiary of Infrastructure Investments Holdings Limited, a company registered in England and Wales.

Infrastructure Investments Holdings Limited is a subsidiary undertaking of Infrastructure Investments Limited Partnership (acting by its general partner, Infrastructure Investments General Partner Limited), which is incorporated in England and Wales.

The ultimate controlling party is HICL Infrastructure Company Limited, a company incorporated in Guernsey, Channel Islands. The accounts are available from 1 Le Truchot, St Peter Port, GY1 1WD, Guernsey.

On 1 April 2019, HICL Infrastructure Company Limited transferred all of its assets to HICL Infrastructure Plc. As a result, the ultimate beneficial owner of the company changed from HICL Infrastructure Company Limited to HICL Infrastructure Plc, a company listed on the London Stock Exchange and Registered at 12 Charles II Street, London, SW1Y 4QU.

The smallest group in which the results of the company are consolidated is that headed by Willcare Holdings Limited. The consolidated accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

### 23 Cash absorbed by group operations

| | 2022<br>£ | 2021<br>£ |
|---|---|---|
| Profit for the year after tax | 2,941,394 | 1,858,491 |
| **Adjustments for:** | | |
| Taxation charged | 593,418 | 362,064 |
| Finance costs | 839,725 | 869,602 |
| Investment income | (953,363) | (1,004,703) |
| Service revenue | (3,388,641) | (3,083,737) |
| Fair value movements | (2,183,334) | (1,020,719) |
| **Movements in working capital:** | | |
| (Increase)/decrease in debtors | (59,755) | 468,605 |
| Increase in creditors | 146,151 | 5,639 |
| ***Cash absorbed by operations*** | (2,064,405) | (1,544,758) |

### 24 Analysis of changes in net debt - group

| | 1 October 2021<br>£ | Cash flows<br>£ | Other non-cash changes<br>£ | Market value movements<br>£ | 30 September 2022<br>£ |
|---|---|---|---|---|---|
| Cash at bank and in hand | 2,667,419 | 144,151 | - | - | 2,811,570 |
| Borrowings excluding overdrafts | (13,691,411) | 872,332 | - | 3,333 | (12,815,746) |
| Derivatives relating to debt | (2,178,985) | - | 2,183,334 | - | 4,349 |
| | (13,202,977) | 1,016,483 | 2,183,334 | 3,333 | (9,999,827) |