

WILLCARE HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020



WILLCARE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	D W Davies J P George
Secretary	G M Gatty
Company number	04298662
Registered office	128 Buckingham Palace Road London United Kingdom SW1W 9SA
Auditor	KPMG LLP 66 Queen Square Bristol United Kingdom BS1 4BE

WILLCARE HOLDINGS LIMITED

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WILLCARE HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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

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 £2,000,000 were paid (2019: £nil). 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 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.

Political donations

During the year, the group paid a charitable donation of £nil (2019: £nil). The group made no political contributions during the year (2019: £nil).

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 (note separate assessments on Brexit and Covid-19).

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.

WILLCARE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 the Group's client. 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.

Covid-19

The Group is exposed to the COVID-19 risk as a result of the inherent uncertainty around the impact of the pandemic on UK society and economy. Whilst the Group itself is not considered to be significantly exposed, subcontractors which it engages with are considered to have exposure in relation to labour and the ability to continue to perform required services. Performance risk under the Project Agreement and related contracts are passed on to the service providers and to the building contractor. The obligations of these subcontractors are underwritten either by performance guarantees issued by banks or by parent company guarantees. Due to the evolving nature of the risk, the Board continue to actively monitor developments.

Interest rate risk/ Inflation risk

All borrowings are at a fixed rate, with 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 £13,230,809. 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.

Brexit risk

The Group is exposed to Brexit risk as a result of the inherent uncertainty around the future of the UK's relationship with the European Union, following the transition period which ended on 31 December 2020. Whilst the Group itself is not considered to be significantly exposed, subcontractors which it engages with are considered to have exposure in relation to labour and the cost of supplies. Performance risk under the Project Agreement and related contracts are passed on to the service providers. The obligations of these subcontractors are underwritten either by performance guarantees issued by banks or by parent company guarantees.

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.

Auditor

KPMG LLP 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.

WILLCARE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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: 10.09.2021

WILLCARE HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 they have elected to prepare the group and parent company 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 parent company and of the groups profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the group and parent 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 its 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.

WILLCARE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WILLCARE HOLDINGS LIMITED

Opinion

We have audited the financial statements of Willcare Holdings Limited ("the company") for the year ended 30 September 2020 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 related notes, including the accounting policies in note 1.

In our opinion the financial statements:

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

Basis for opinion

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

Going Concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Directors' report

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

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

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

WILLCARE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WILLCARE HOLDINGS LIMITED

Matters on which we are required to report by exception

Under Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they 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

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

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

WILLCARE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WILLCARE HOLDINGS LIMITED

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

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

NChrimes

Nathan Chrimes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
United Kingdom
BS1 4BE

10 September 2021

WILLCARE HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2020

		2020	2019
	Notes	£	£
Turnover	3	3,205,499	3,639,315
Administrative expenses		(1,991,693)	(2,526,010)
Other operating income		50,000	50,000
Operating profit		1,263,806	1,163,305
Interest receivable and similar income	7	1,037,122	1,060,082
Interest payable and similar expenses	6	(969,751)	(1,023,779)
Fair value movement on derivative	8	257,134	(180,090)
Profit before taxation		1,588,311	1,019,518
Tax on profit	9	(223,583)	(115,569)
Profit for the financial year	20	1,364,728	903,949

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.

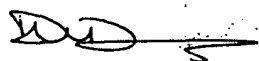
No other comprehensive income has been presented as there have been no other comprehensive income in either current or previous years.

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 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Financial assets	11		19,799,670		20,448,840
Current assets					
Debtors	15	919,289		1,008,338	
Cash at bank and in hand		1,850,146		2,599,530	
		<u>2,769,435</u>		<u>3,607,868</u>	
Creditors: amounts falling due within one year	16	<u>(1,860,048)</u>		<u>(1,507,923)</u>	
Net current assets			<u>909,387</u>		<u>2,099,945</u>
Total assets less current liabilities			<u>20,709,057</u>		<u>22,548,785</u>
Creditors: amounts falling due after more than one year	17		<u>(17,229,881)</u>		<u>(18,434,337)</u>
Net assets			<u><u>3,479,176</u></u>		<u><u>4,114,448</u></u>
Capital and reserves					
Called up share capital	19		10,420		10,420
Profit and loss reserve	20		<u>3,468,756</u>		<u>4,104,028</u>
Total equity			<u><u>3,479,176</u></u>		<u><u>4,114,448</u></u>

The financial statements were approved by the board of directors and authorised for issue on 10.09.2021 and are signed on its behalf by:



D W Davies
Director

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

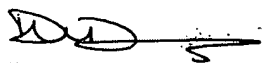
WILLCARE HOLDINGS LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Investments	12		17,224,453		18,705,863
Current assets					
Cash at bank and in hand		420		420	
Creditors: amounts falling due within one year	16	(65,698)		(72,326)	
Net current liabilities			(65,278)		(71,906)
Total assets less current liabilities			17,159,175		18,633,957
Creditors: amounts falling due after more than one year	17		(1,308,914)		(1,374,613)
Net assets			15,850,261		17,259,344
Capital and reserves					
Called up share capital	19		10,420		10,420
Fair value reserve			15,839,841		17,248,924
Profit and loss reserve	20		-		-
Total equity			15,850,261		17,259,344

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 £590,917 (2019 - £339,024 profit).

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 10.09.2021 and are signed on its behalf by:



D W Davies
Director

Company Registration No. 04298662

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

WILLCARE HOLDINGS LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	Share capital £	Profit and loss reserve £	Total £
Balance at 1 October 2018		10,420	3,200,079	3,210,499
Year ended 30 September 2019:				
Profit and total comprehensive income for the year		-	903,949	903,949
Balance at 30 September 2019		10,420	4,104,028	4,114,448
Year ended 30 September 2020:				
Profit and total comprehensive income for the year		-	1,364,728	1,364,728
Dividends	10	-	(2,000,000)	(2,000,000)
Balance at 30 September 2020		10,420	3,468,756	3,479,176

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 2020

	Notes	Share capital £	Fair value reserve £	Profit and loss reserve £	Total £
Balance at 1 October 2018		10,420	16,909,900	-	16,920,320
Year ended 30 September 2019:					
Profit and total comprehensive income for the year		-	339,024	-	339,024
Balance at 30 September 2019		10,420	17,248,924	-	17,259,344
Year ended 30 September 2020:					
Profit and total comprehensive income for the year		-	(1,409,083)	2,000,000	590,917
Dividends	10	-	-	(2,000,000)	(2,000,000)
Balance at 30 September 2020		10,420	15,839,841	-	15,850,261

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 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash absorbed by operations	23	(1,479,715)		(3,070,797)	
Interest paid		(969,751)		(1,023,779)	
Income taxes paid		-		(150,000)	
Net cash outflow from operating activities		(2,449,466)		(4,244,576)	
Investing activities					
Receipts on financial asset		4,740,997		4,713,470	
Interest received		-		23	
Net cash generated from investing activities		4,740,997		4,713,493	
Financing activities					
Repayment of debentures		(72,327)		(68,330)	
Repayment of bank loans		(968,588)		(948,315)	
Dividends paid to equity shareholders		(2,000,000)		-	
Net cash used in financing activities		(3,040,915)		(1,016,645)	
Net decrease in cash and cash equivalents		(749,384)		(547,728)	
Cash and cash equivalents at beginning of year		2,599,530		3,147,258	
Cash and cash equivalents at end of year		1,850,146		2,599,530	

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

WILLCARE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

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.

WILLCARE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

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 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.

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 including the impact of Covid-19, 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 terms of the Group's external borrowings. To date, taking into the effect of COVID-19 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.

WILLCARE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

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 25 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 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.

WILLCARE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

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 £1,771,040 (2019: £1,753,540) 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.

WILLCARE HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

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.

WILLCARE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

Derecognition of financial liabilities

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

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.

WILLCARE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

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.

WILLCARE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2 Judgements and key sources of estimation uncertainty

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 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 £287,000. The actual spend was £166,708. 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 £32,000 and £31,000 respectively.

Valuation of investment in subsidiaries

The valuation of the investment in subsidiaries requires judgements around the discount rate 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 £549,601, with a 0.5% decrease to the rate increasing the fair value by £579,120.

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. Turnover relating to service revenue was £3,054,705 (2019: £3,132,461). Turnover relating to other revenue was £150,794 (2019: £506,854).

4 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	2,000	2,000
Audit of the financial statements of the company's subsidiaries	16,000	18,000
	<u>18,000</u>	<u>20,000</u>

There were additional fees of £13,000 charged in 2020 relating to the 2019 audit that have not been included within the 2020 figure or the comparative above. 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 (2019: none). The directors did not receive any remuneration from the group during the year (2019: £nil). During the year the Group paid £100,000 (2019: £100,000) to Infrastructure Investments Holdings Limited, a related entity, for provision of two directors.

WILLCARE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

6 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	770,123	814,678
Interest payable to group undertakings	199,628	209,101
Total finance costs	<u>969,751</u>	<u>1,023,779</u>

7 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	-	23
Financial asset interest receivable	1,037,122	1,060,059
Total income	<u>1,037,122</u>	<u>1,060,082</u>

8 Fair value movements

	2020	2019
	£	£
Fair value movement on derivatives	<u>257,134</u>	<u>(180,090)</u>

9 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	<u>223,583</u>	<u>115,569</u>

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:

	2020	2019
	£	£
Profit before taxation	<u>1,588,311</u>	<u>1,019,518</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	301,779	193,708
Tax effect of expenses that are not deductible in determining taxable profit	-	57
Tax effect of income not taxable in determining taxable profit	(78,196)	(78,196)
Taxation charge	<u>223,583</u>	<u>115,569</u>

WILLCARE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

9 Taxation

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.

10 Dividends

	2020	2019
	£	£
Recognised as distributions to equity holders:		
Final paid	2,000,000	-

11 Financial assets

Group	Financial assets £
Cost	
At 1 October 2019	20,448,840
Income recognised in the profit or loss	
Service revenue	3,054,705
Interest income	1,037,122
	4,091,827
Other movements	
Cash received	(4,740,997)
	(649,170)
At 30 September 2020	19,799,670
Fair value	
At 30 September 2020	19,799,670
At 30 September 2019	20,448,840

The company had no financial assets at 30 September 2020 or 30 September 2019.

WILLCARE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

12 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	13	-	-	15,849,841	17,258,924
Loans to subsidiaries: Current	13	-	-	65,694	72,326
Loans to subsidiaries: Non - Current		-	-	1,308,918	1,374,613
		<u>-</u>	<u>-</u>	<u>17,224,453</u>	<u>18,705,863</u>

Fixed asset investments were valued on a future cash flow basis on 30 September 2020 by the directors. If the fixed assets had not been revalued they would have been included at the historical cost of £10,000 (2019: £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 2019	17,258,924	1,446,939	18,705,863
Fair value movement	(1,409,083)	-	(1,409,083)
Net repayment	-	(72,327)	(72,327)
At 30 September 2020	<u>15,849,841</u>	<u>1,374,612</u>	<u>17,224,453</u>
Carrying amount			
At 30 September 2020	<u>15,849,841</u>	<u>1,374,612</u>	<u>17,224,453</u>
At 30 September 2019	<u>17,258,924</u>	<u>1,446,939</u>	<u>18,705,863</u>

WILLCARE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 2020 are as follows:

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

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking		Capital and Reserves	Profit/(Loss)
		£	£
Willcare (MIM) Limited	2020	3,533,393	1,419,365
	2019	4,114,028	903,949

14 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	494,221	531,123	-	-
Carrying amount of financial liabilities				
Measured at fair value through profit or loss	3,199,704	3,456,838	-	-
Measured at amortised cost	15,381,498	16,334,901	-	-

WILLCARE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

15 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	494,221	531,123	-	-
Corporation tax recoverable	-	57,913	-	-
Prepayments and accrued income	425,068	419,302	-	-
	<u>919,289</u>	<u>1,008,338</u>	<u>-</u>	<u>-</u>

16 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Debenture loans	18	65,698	72,326	65,698	72,326
Bank loans	18	855,962	968,588	-	-
Trade creditors		236,747	224,932	-	-
Corporation tax payable		165,670	-	-	-
Other taxation and social security		343,057	150,521	-	-
Other creditors		6,264	7,929	-	-
Other creditors - deferred issue costs		(24,339)	(24,339)	-	-
Accruals and deferred income		210,989	107,966	-	-
		<u>1,860,048</u>	<u>1,507,923</u>	<u>65,698</u>	<u>72,326</u>

17 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Debenture loans	18	1,308,914	1,374,613	1,308,914	1,374,613
Bank loans and overdrafts	18	12,374,847	13,230,809	-	-
Derivative financial instruments		3,199,704	3,456,838	-	-
Other creditors		(328,584)	(352,923)	-	-
Accruals and deferred income		675,000	725,000	-	-
		<u>17,229,881</u>	<u>18,434,337</u>	<u>1,308,914</u>	<u>1,374,613</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>19,881,774</u>	<u>10,786,112</u>	<u>990,296</u>	<u>1,091,777</u>
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WILLCARE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

18 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Debenture loans	1,374,612	1,446,939	1,374,612	1,446,939
Bank loans	13,230,809	14,199,397	-	-
	<u>14,605,421</u>	<u>15,646,336</u>	<u>1,374,612</u>	<u>1,446,939</u>
Payable within one year	921,660	1,040,914	65,698	72,326
Payable after one year	<u>13,683,761</u>	<u>14,605,422</u>	<u>1,308,914</u>	<u>1,374,613</u>

The bank loan £13,230,809 (2019: £14,199,397) 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 gross of issue costs of £100,000. 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 attract interest at 7% per annum from commencement of the loan in December 2002 until date of completion and 14% thereafter.

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

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary of £1 each	<u>10,420</u>	<u>10,420</u>	<u>10,420</u>	<u>10,420</u>

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.

WILLCARE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

20 Profit and loss reserve

	Group 2020 £	2019 £	Company 2020 £	2019 £
At the beginning of the year	4,104,028	3,200,079	-	-
Profit for the year	1,364,728	903,949	2,000,000	-
Current year profits transferred to non-distributable reserve	-	-	-	-
Dividends	(2,000,000)	-	(2,000,000)	-
At the end of the year	3,468,756	4,104,028	-	-

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.

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.

WILLCARE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

23 Cash absorbed by group operations

	2020 £	2019 £
Profit for the year after tax	1,364,728	903,949
Adjustments for:		
Taxation charged	223,583	115,569
Finance costs	969,751	1,023,779
Investment income	(1,037,122)	(1,060,082)
Service revenue	(3,054,705)	(3,132,461)
Fair value movements	(257,134)	180,090
Movements in working capital:		
Decrease/(increase) in debtors	31,136	(425,457)
Increase/(decrease) in creditors	280,048	(676,184)
Cash absorbed by operations	(1,479,715)	(3,070,797)

24 Analysis of changes in net debt - group

	01 Oct 2019	Cashflows	Other Non-cash changes	30 Sept 2020
Borrowings < 1 year	(1,040,914)	2,010,666	(1,891,412)	(921,660)
Borrowings > 1 year	(14,605,422)		921,661	(13,683,761)
Derivatives	(3,456,838)		257,134	(3,199,704)
Cash	2,599,530	(749,384)		1,850,146
Net Debt	(16,503,644)	1,261,282	(712,617)	(15,954,979)