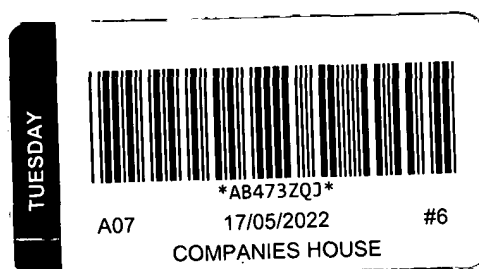


Registered number: 04427633

SERVOCA NURSING & CARE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021



SERVOCA NURSING & CARE LIMITED

COMPANY INFORMATION

Directors	A Church C Hinton J Turner
Company secretary	S Moore
Registered number	04427633
Registered office	Kingston House Towers Business Park Wilmslow Road Manchester M20 2LD
Independent auditors	RSM UK Audit LLP 3 Hardman Street Manchester M3 3HF
Bankers	Royal Bank of Scotland 300 Silbury Boulevard Milton Keynes MK9 2ZF

SERVOCA NURSING & CARE LIMITED

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SERVOCA NURSING & CARE LIMITED

STRATEGIC REPORT FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021

Business review

Performance in the prior year was significantly impacted by the Coronavirus pandemic, which resulted in reduced demand in the Company's core nursing home market, where occupancy levels reduced dramatically at the outset of the pandemic. This impact continued throughout the first half of the current period, with demand in nursing homes only starting to show improvement from summer 2021 onwards.

The Company launched an operation focussed on the delivery of specialist Complex Care in the final month of the previous financial year. We are pleased to report that it achieved profitability after six months of operation.

Financial key performance indicators

The Company's primary key performance indicators are revenue, gross profit and profit before taxation.

Revenue for the 15 month period ended 31 December 2021 was £15.8m (year ended 30 September 2020: £14.5m) with gross profit of £4.0m (year ended 30 September 2020: £3.4m). Profit before taxation for the 15 month period was £1.1m (year ended 30 September 2020: £1.4m).

Outlook

Market conditions remain uncertain with reduced candidate availability hindering our ability to fulfil improving demand, though trading continues to steadily recover.

The Company is expecting its Complex Care operation to continue growing and is continually pursuing organic growth within its Nursing Home market.

The Company is in a strong financial position with an experienced management team and employees and, as a result, is well placed to benefit from the opportunities in the market as the recovery from the pandemic continues.

Principal risks and uncertainties

Principal risks and uncertainties

The Board has identified risks and uncertainties to which the business is exposed. The most significant of these and the approach to mitigating these risks are:

- Changes in tax laws, regulations and government spending and policy. The Board keeps itself up to date with national news and press releases taking appropriate steps to address changes.
- Failure to attract candidates of sufficient quality or sufficient numbers. Investment has been made in maintaining databases to ensure our records are up to date and reliable.
- Loss of management or key sales staff. Incentive schemes have been put in place to help retain key personnel.
- Reduction in candidate availability to fulfil demand. The Board have invested in resources aimed at attracting and retaining quality candidates.

This report was approved by the board and signed on its behalf.



C Hinton
Director

Date: 13 May 2022

SERVOCA NURSING & CARE LIMITED

DIRECTORS' REPORT FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the 15 month period ended 31 December 2021.

Principal activity

The principal activity of the Company for the year under review was that of an employment agency.

The Company is a wholly owned subsidiary of SN&C Holdings Limited, which itself is a subsidiary of Servoca Plc

Results and dividends

The profit for the 15 month period, after taxation, amounted to £887,082 (2020 - £1,186,509).

The Company paid an interim and final dividend of £4,000,000 (2020: nil) on its ordinary share capital held by its parent, SN&C Holdings Limited.

Directors

The directors who served during the 15 month period were:

A Church
C Hinton
J Turner

Qualifying third party indemnity provisions

Qualifying third party indemnity insurance is in place for the benefit of all the directors of the Company.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern and post balance sheet events

The directors have prepared trading and cash flow forecasts for the period to 31 December 2024 which show that the Company will have significant headroom on borrowing facilities. Given the Company's current trading performance, strong balance sheet and cash position alongside the significant headroom on borrowing facilities, the directors have a reasonable expectation that there are no material uncertainties that cast doubt on the Company's ability to continue in operation. For these reasons the financial statements have been prepared on a going concern basis.

There are no post balance sheet events.

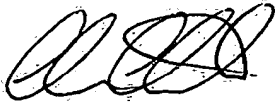
Auditors

The auditors, RSM UK Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SERVOCA NURSING & CARE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021**

This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to be 'C Hinton', written in a cursive style.

C Hinton
Director
Date: 13 May 2022

SERVOCA NURSING & CARE LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

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

SERVOCA NURSING & CARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERVOCA NURSING & CARE LIMITED

Opinion

We have audited the financial statements of Servoca Nursing & Care Limited (the 'Company') for the 15 month period ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Company's affairs as at 31 December 2021 and of its profit for the 15 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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.

SERVOCA NURSING & CARE LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERVOCA NURSING & CARE LIMITED
(CONTINUED)**

Other information

The other information comprises the information included in the annual report other than the financial statements and our Auditors' 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial 15 month period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

SERVOCA NURSING & CARE LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERVOCA NURSING & CARE LIMITED
(CONTINUED)**

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

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

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

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

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to employment law. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied by management. Audit

SERVOCA NURSING & CARE LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SERVOCA NURSING & CARE LIMITED
(CONTINUED)**

procedures performed over the revenue recognition included testing the operating effectiveness of controls, performing cut off tests, analytical reviews and tests of detail to cover all revenue assertions.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Alastair Nuttall

**ALASTAIR JOHN RICHARD NUTTALL (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants**

3 Hardman Street
Manchester
M3 3HF

13 May 2022

SERVOCA NURSING & CARE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021**

	Note	15 month period ended 31 December 2021 £	Year ended 30 September 2020 £
Turnover	4	15,789,552	14,515,044
Cost of sales		(11,828,453)	(11,140,832)
Gross profit		3,961,099	3,374,212
Administrative expenses		(2,947,363)	(2,101,135)
Other operating income	5	75,376	171,769
Operating profit	6	1,089,112	1,444,846
Interest payable and similar expenses	9	(901)	(3,330)
Profit before tax		1,088,211	1,441,516
Tax on profit	10	(201,129)	(255,007)
Profit for the financial period		887,082	1,186,509

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 12 to 25 form part of these financial statements.

SERVOCA NURSING & CARE LIMITED
REGISTERED NUMBER: 04427633

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		31 December 2021 £	30 September 2020 £
	Note		
Fixed assets			
Intangible assets	12	98,477	115,868
Tangible assets	13	96,167	87,726
		<u>194,644</u>	<u>203,594</u>
Current assets			
Debtors	14	2,835,411	5,913,377
Cash at bank and in hand		1,265,799	818,192
		<u>4,101,210</u>	<u>6,731,569</u>
Creditors: amounts falling due within one year	15	(1,931,501)	(1,465,791)
Net current assets		<u>2,169,709</u>	<u>5,265,778</u>
Total assets less current liabilities		<u>2,364,353</u>	<u>5,469,372</u>
Provisions for liabilities			
Deferred tax	16	(7,899)	-
		<u>(7,899)</u>	<u>-</u>
Net assets		<u><u>2,356,454</u></u>	<u><u>5,469,372</u></u>
Capital and reserves			
Called up share capital	17	1	1
Profit and loss account	18	2,356,453	5,469,371
		<u>2,356,454</u>	<u>5,469,372</u>

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



C Hinton
 Director
 Date: 13 May 2022

The notes on pages 12 to 25 form part of these financial statements.

SERVOCA NURSING & CARE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2019	1	4,282,862	4,282,863
Profit for the year	-	1,186,509	1,186,509
At 1 October 2020	1	5,469,371	5,469,372
Profit for the 15 month period	-	887,082	887,082
Dividends: Equity capital (note 11)	-	(4,000,000)	(4,000,000)
At 31 December 2021	1	2,356,453	2,356,454

The notes on pages 12 to 25 form part of these financial statements.

SERVOCA NURSING & CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021

1. General information

Servoca Nursing & Care Limited ("the Company") is a private company limited by shares domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Kingston House, Towers Business Park, Wilmslow Road, Manchester M20 2LD.

The Company's principal activities are set out in the Report of the directors.

The financial statements are presented in Sterling, to the nearest pound, which is also the functional currency of the Company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Servoca plc as at 31 December 2021 and these financial statements may be obtained from the website of Servoca plc.

2.3 Going concern

The directors have prepared trading and cash flow forecasts for the period to 31 December 2024 which show that the Company will have significant headroom on borrowing facilities. Given the Company's current trading performance, strong balance sheet and cash position alongside the significant headroom on borrowing facilities, the directors have a reasonable expectation that there are no material uncertainties that cast doubt on the Company's ability to continue in operation. For these reasons the financial statements have been prepared on a going concern basis.

SERVOCA NURSING & CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Income from temporary placements is recognised at the end of a period of work. Income from permanent placements is recognised at the point of acceptance by both parties when the Company's contractual obligations have been fulfilled.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.6 Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the 15 month period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets and liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition. The Board reviews the amortisation period of goodwill arising on each acquisition and allocates the most appropriate period based upon the Board's estimate of the useful life of that acquisition. Impairment tests on the carrying value of goodwill are undertaken at the end of the first financial year following acquisition and in other periods if events or circumstances indicate that the carrying value may not be recoverable.

Goodwill arising is currently being amortised evenly over its presumed useful economic life of 20 years.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

SERVOCA NURSING & CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.10 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	-	over the term of the lease
Fixtures, fittings and equipment	-	25% on cost per annum
Computer equipment	-	25% on cost per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

SERVOCA NURSING & CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events.

The critical judgements and estimates made in the preparation of the financial statements set out below are made in accordance with the appropriate Financial Standards and the Company's accounting policies:

- *Provision for doubtful debts.* Management reviews trade receivables on a regular basis and doubtful debts are provided for on the basis of expected recoverability based on credit ratings, knowledge of the customer, market conditions and previous experience.
- *Goodwill* is tested annually for impairment based on the cash flows of the income generating unit to which it relates. These estimates affect whether an impairment of goodwill should be recognised.

4. Turnover

Turnover is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

5. Other operating income

	15 month period ended 31 December 2021 £	Year ended 30 September 2020 £
Government grants receivable	75,376	171,769

During the period the Company received government grants under the Job Retention Scheme totalling £75,376 (2020: £171,769), of which £69,330 (2020: £91,573) was for temporary workers and £6,046 (2020: £80,196) was for permanent employees. The gross costs directly attributable to these grants are shown in cost of sales and administrative expenses respectively.

SERVOCA NURSING & CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021**

6. Operating profit

The operating profit is stated after charging:

	15 month period ended 31 December 2021 £	Year ended 30 September 2020 £
Depreciation: owned assets	45,362	30,404
Amortisation of goodwill	17,391	13,913
Other operating lease rentals	174,403	106,113
Auditor's remuneration:		
Audit of the financial statements	8,500	6,000
Non-audit services relating to taxation	2,500	4,525
	<u>2,089,502</u>	<u>1,490,950</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	15 month period ended 31 December 2021 £	Year ended 30 September 2020 £
Wages and salaries	1,865,229	1,344,084
Social security costs	194,151	126,379
Cost of defined contribution scheme	30,122	20,487
	<u>2,089,502</u>	<u>1,490,950</u>

The average monthly number of employees, including the directors, during the 15 month period was as follows:

	15 month period ended 31 December 2021 No.	Year ended 30 September 2020 No.
Sales and operations	40	44

SERVOCA NURSING & CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021**

8. Directors' remuneration

	15 month period ended 31 December 2021 £	Year ended 30 September 2020 £
Directors' emoluments and other benefits	220,865	155,074

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,641 (2020 - £1,313).

Directors' remuneration does not include the remuneration of A Church and C Hinton, who are directors of the parent company, Servoca Plc. Disclosure of the remuneration of A Church and C Hinton, who are directors of the ultimate parent company, Servoca Plc, is included in the notes in the consolidated financial statements of the ultimate parent company. It is not practical to separately identify the amount of their remuneration that relates to this Company.

9. Interest payable and similar expenses

	15 month period ended 31 December 2021 £	Year ended 30 September 2020 £
Invoice discounting facility	-	3,330
Other interest payable	901	-
	901	3,330

SERVOCA NURSING & CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021**

10. Taxation

	15 month period ended 31 December 2021 £	Year ended 30 September 2020 £
Corporation tax		
Current tax on profits for the year	201,586	265,607
Adjustments in respect of previous periods	(11,814)	(10,874)
Total current tax	189,772	254,733
Deferred tax		
Origination and reversal of timing differences	4,569	680
Changes to tax rates	799	-
Adjustment in respect of prior year	5,989	(406)
Total deferred tax	11,357	274
Taxation on profit on ordinary activities	201,129	255,007

SERVOCA NURSING & CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021**

10. Taxation (continued)**Factors affecting tax charge for the 15 month period/year**

The tax assessed for the 15 month period/year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	15 month period ended 31 December 2021 £	Year ended 30 September 2020 £
Profit on ordinary activities before tax	1,088,211	1,441,516
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	206,760	273,888
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	570	73
Capital allowances for 15 month period/year in excess of depreciation	(2,272)	4,725
Adjustments to tax charge in respect of prior periods	(5,825)	(11,280)
Tax rate change	1,896	-
Group relief	-	(12,399)
Total tax charge for the 15 month period/year	201,129	255,007

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	31 December 2021 £	30 September 2020 £
Interim dividends paid on ordinary shares	4,000,000	-

SERVOCA NURSING & CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021**

12. Intangible assets

	Goodwill £
Cost	
At 1 October 2020	278,176
At 31 December 2021	<u>278,176</u>
Amortisation	
At 1 October 2020	162,308
Charge for the 15 month period on owned assets	17,391
At 31 December 2021	<u>179,699</u>
Net book value	
At 31 December 2021	<u>98,477</u>
At 30 September 2020	<u>115,868</u>

SERVOCA NURSING & CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021**

13. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 October 2020	58,786	56,501	188,763	304,050
Additions	4,834	5,295	43,674	53,803
At 31 December 2021	63,620	61,796	232,437	357,853
Depreciation				
At 1 October 2020	26,205	30,406	159,713	216,324
Charge for the 15 month period on owned assets	10,687	13,375	21,300	45,362
At 31 December 2021	36,892	43,781	181,013	261,686
Net book value				
At 31 December 2021	26,728	18,015	51,424	96,167
At 30 September 2020	32,581	26,095	29,050	87,726

14. Debtors

	31 December 2021 £	30 September 2020 £
Due after more than one year		
Amounts owed by group undertakings	1,031,530	4,054,496
Due within one year		
Trade debtors	1,520,716	1,551,160
Other debtors	690	168,641
Prepayments and accrued income	282,475	135,622
Deferred taxation	-	3,458
	2,835,411	5,913,377

SERVOCA NURSING & CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021**

14. Debtors (continued)

Invoice discounting facilities are secured by a charge over the borrowing company's book debts, however these were not being utilised at the period end and as such the debit balance as at 31 December 2021 of £88,357 is included in the cash at bank balance (2020: debtor £148,553, within other debtors). Interest during the year is payable on these instruments at varying rates above the bank's base rate. There is a cross company guarantee in place in relation to the invoice discounting facilities for the trading Servoca Plc subsidiary companies. The total group amount at 31 December 2021 in respect of these invoice discounting facilities, included in cash at bank, was £321,000 (2020: debtor of £1,129,000).

Amounts due from and to group undertakings are non-interest bearing and are receivable in a period greater than 12 months.

15. Creditors: Amounts falling due within one year

	31 December 2021 £	30 September 2020 £
Trade creditors	36,552	14,461
Corporation tax	85,770	253,956
Other taxation and social security	472,382	367,515
Other creditors	616,022	425,038
Accruals and deferred income	720,775	404,821
	<u>1,931,501</u>	<u>1,465,791</u>

The Company is part of a group VAT registration and the total group liability at 31 December 2021 was £2,484,000 (2020: £2,293,000).

16. Deferred taxation

	2021 £	2020 £
At beginning of year	3,458	3,732
Charged to profit or loss	(11,357)	(274)
At end of year	<u>(7,899)</u>	<u>3,458</u>

SERVOCA NURSING & CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021**

16. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	31 December 2021 £	30 September 2020 £
Accelerated capital allowances	(14,378)	(8,032)
Tax losses carried forward	5,393	4,098
Other short term timing differences	1,086	7,392
	<u>(7,899)</u>	<u>3,458</u>

17. Share capital

	31 December 2021 £	30 September 2020 £
Allotted, called up and fully paid		
1 (2020 - 1) Ordinary share of £1.00	1	1

18. Reserves**Profit and loss account**

The profit and loss account consists of the cumulative profit and loss net of any distribution to owners.

19. Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021 Land & Buildings £	2021 Other £	2020 Land & Buildings £	2020 Other £
Within one year	64,485	-	51,753	16,596
Between two and five years	67,249	-	84,626	10,818
	<u>131,734</u>	<u>-</u>	<u>136,379</u>	<u>27,414</u>

SERVOCA NURSING & CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 15 MONTH PERIOD ENDED 31 DECEMBER 2021**

20. Controlling party

The immediate parent company is SN&C Holdings Limited, itself a wholly owned subsidiary of Servoca Plc which is the ultimate parent company and controlling party. Servoca Plc is the only undertaking preparing consolidated financial statements that incorporate the results of the Company. Copies of Servoca Plc's financial statements may be obtained from Kingston House, Towers Business Park, Wilmslow Road, Manchester M20 2LD.