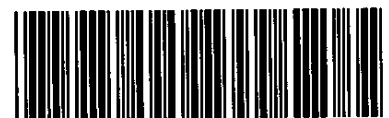


Registration number: 05789785

SWANTON CARE & COMMUNITY LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

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SWANTON CARE & COMMUNITY LIMITED

CONTENTS

Company Information	1
Directors' Report	2
Strategic Report	3 to 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 to 9
Consolidated Profit and Loss Account	10
Consolidated Balance Sheet	11
Balance Sheet	12
Consolidated Statement of Changes in Equity	13
Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes to the Financial Statements	16 to 35
Detailed Consolidated Profit and Loss Account	36 to 39
Detailed Company Profit and Loss Account	40 to 41

SWANTON CARE & COMMUNITY LIMITED

COMPANY INFORMATION

Directors	J Baker
	Dr G M Bereika
	G A Cross
	A M Dalton
	S J C Gray
	A F Meynier
	F D Porter
	G Thompson
Registered office	3 Siskin Drive Middlemarch Business Park Coventry CV3 4FJ
Bankers	The Royal Bank of Scotland PLC London Corporate Services 2 1/2 Devonshire Square London EC2M 4XJ
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

SWANTON CARE & COMMUNITY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Directors of the company

The directors who held office during the year were as follows:

J Baker (appointed 23 March 2022)

Dr G M Bereika

G A Cross

A M Dalton

S J C Gray

A F Meynier

F D Porter

G Thompson

Employment of disabled persons

It is group policy to give fair consideration to the employment needs of disabled people and to comply with current legislation with regard to their employment. Wherever practicable, we continue to employ and promote the careers of existing employees who become disabled and to consider disabled persons for employment, subsequent training, career development and promotion on the basis of their aptitudes and abilities.

Employee involvement

The Directors recognise the importance of human resource practices to provide good communications and relations with employees, including providing them with information on matters of concern to them as employees.

Financial instruments

Objectives and policies

The board constantly monitors the company's trading results and revise projections as appropriate to ensure that the company can meet its future obligations as they fall due.

Going concern

The group has sufficient resources available and the directors have prepared forecasts for the next 12 months that indicate that this will continue to be the case and that these cash flows will be sufficient for the group to meet its financing commitments as they fall due. The directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditor

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

18/7/2023

Approved by the Board on and signed on its behalf by:

Julianne Baker

.....
J Baker
Director

SWANTON CARE & COMMUNITY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activity

The principal activity of the company is the administration of a Group involved in the ownership and management of residential nursing and community facilities which specialise in providing care for working age adults with complex needs.

Fair review of the business

The results for the year which are set out in the profit and loss account show turnover of £65,999,821 (2021 - £53,802,043) and an operating profit of £5,408,790 (2021 - £4,227,074). At 31 December 2022, the group had net assets of £21,242,197 (2021 - £19,469,086). The directors consider the performance for the year and the financial position at the year end to be satisfactory.

Section 172 statement

The Directors believe that they have effectively implemented their duties under section 172 of the Companies Act 2006. The Company has considered the long term-strategy of the business and consider that this strategy will continue to deliver long term success to the business and it's stakeholders.

The Company is committed to maintaining an excellent reputation and strives to achieve high standards. We are highly selective about the employees that we take on in order to deliver the best value to service users while also maintaining an awareness of the environmental impact of the work done, and strive to reduce carbon footprint where possible.

The Directors recognise the importance of wider stakeholders in delivering their strategy and achieving sustainability within the business. The main stakeholders in the company are considered to be the employees, suppliers and customers.

In ensuring that all stakeholders are considered as part of every decision process, we believe we act fairly between all members of the Company.

Strategy

The Group's primary area of activity was providing care services in residential nursing and community facilities. The Group believes that the key three drivers for its success are the continual focus on the high quality provision of care services, the high level of effort from staff and strong financial control. These drivers support the delivery of the Group's objectives, customer's priorities and future opportunities. This is demonstrated through the successful tender processes being entered into by members of the Group with local authorities.

Environment

The Group is aware of its environmental impact and is monitoring this. There have been some initiatives implemented to aid in decreasing the Group's carbon footprint, including installing more energy efficient lights in the care homes, measures to minimise waste across the Group where possible, with items being recycled wherever possible and training of managers on environmental awareness.

Outlook for the business

The Directors expect that the next year will have a mix of challenges as the health and social care industry tightens and evolves. However, the Directors believe that the Group is well positioned to manage resultant risk and prosper during the period due to its:

- committed workforce
- broad spectrum of customers
- good working relationships with local authorities in a large area of the United Kingdom
- strong balance sheet
- continued investment in staff development, best practice and modern processes and systems

Longer term prospects for Swanton Care & Community Limited are heavily linked with the wider UK economy.

SWANTON CARE & COMMUNITY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

Principal risks to the organisation are managed through organisational risk registers. These identify all of the potential risks to the business with mitigating controls for managing and monitoring risk.

All risks are profiled and the Board is regularly updated on the current status of risks to the organisation and commensurate risk mitigation strategies.

Reputational risk

Provision of poor or inappropriate levels of care would cause severe damage to our brand and the ability of the business to attract new residents. The business operates sophisticated levels of performance monitoring with regular reporting to senior management and the Board of any potential issues.

Health and safety

We believe that no serious injury to staff, residents, their guests or anyone else on our premises is acceptable. Everyone in our business has accountability for health and safety, and they are given the necessary tools (including training, safety equipment and resources) to operate safely.

Government policy

Continued pressure is being exerted to reduce Government and Local Authority spending, which is manifesting itself increasingly in the reduction of fees being paid for the care of funded residents.

Employment of staff

Our business thrives on the skills and expertise of the staff we employ. As the economy recovers, the shortage of appropriate labour is a potential risk to the business. This is particularly acutely felt with the national shortage of qualified nursing staff. In order to mitigate this risk, the business has a proactive Human Resources and Recruitment team.

Cost base inflation

The principal costs for the successful operation of the business include staff costs, energy and food. All of these areas are subject to on-going cost pressures in excess of inflation. In order to mitigate these issues, we have a well organised procurement process to source energy and food at the best possible rates. We also have a well organised operations structure to ensure that labour is employed as effectively as possible.

Carbon energy reporting

We have implemented a large environmental focus this year, covering energy, waste, water and transport. We engaged Sustainable Advantage, a leading sustainability consultancy company as part of our long term commitment to sustainability and adopting best practice in reducing our impact on the planet. Throughout 2022, we have focussed on driving down our carbon emissions and eliminating unnecessary waste following the hierarchy of reduce, reuse, recycle and recover. Our key objectives are:

- Reduce energy consumption by 5%
- Procure 25% renewable electricity
- Reduce water usage by 5%
- Reduce waste generated by 5%
- Increase recycling rate to more than 25%
- Reduce transport emissions by 5%
- Increase supplier engagement by 25%
- Reach net zero
- Reduce carbon intensity ratio by 5%

Climate change is no longer the concern of a few but now the recognised challenge of our generation. Every individual, business and organisation have a role to play in reducing our dependency on fossil fuels and supporting the urgent need for a transition to a net zero carbon and resilient world. We are committed to responsibly managing the short and long-term impacts of our operations including the use of natural resources and the production and consumption of energy, waste and water. We have already made considerable progress reducing our environmental footprint through investing in a range of sustainability projects. This report covers the Swanton Care & Community Care Limited group for the period 1 January 2022 - 31 December 2022.

The information in this report consist of energy usage, including electricity and gas, as well as vehicle emissions. The units of measurement are kilowatt hours and tonnes of carbon emissions. Calculations have been undertaken in line with the guidance from the Department for Business, Energy and Industrial Strategy.

	Kilowatt Hours	Tonnes of CO ₂ e
Electricity	2,154,687	502
Gas	4,059,628	827
Cars and mileage	3,353,436	1,385

SWANTON CARE & COMMUNITY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The total tonnes of CO₂e is 2,714, compared to group revenue of £65,897,299 and EBITDA of £10,954,806, which equates to 1 tonne of CO₂e for every £24,281 of revenue and 1 tonne of CO₂e for every £4,036 of EBITDA earned.

To reduce our energy usage, we are currently changing to more efficient LED lights across our portfolio, on a rolling basis. Along with lights, when any equipment including boilers, requires replacement, we are considering factors such as efficiency, maintenance requirements, availability of replacement parts and durability when sourcing replacements. We are also implementing a best practice guide to energy amongst staff members on how they can change their behaviours to reduce energy consumption.

To reduce our carbon emissions related to transport, we are buying second hand vehicles, sticking to our principal of reusing rather than waste, when needing to replace vehicles. Fuel efficiency is also a key decision factor when buying a replacement vehicle. We are also moving away from diesel engines and encouraging staff to car pool or use public transport where possible.

18/7/2023

Approved by the Board on and signed on its behalf by:

Julianne Baker

.....
J Baker
Director

SWANTON CARE & COMMUNITY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SWANTON CARE & COMMUNITY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWANTON CARE & COMMUNITY LIMITED

Opinion

We have audited the financial statements of Swanton Care & Community Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 and the Directors' Report.

SWANTON CARE & COMMUNITY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWANTON CARE & COMMUNITY LIMITED

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISA's (UK).

In identifying and assessing risks of material mis-statement in respect of fraud, including irregularities and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company financial statements or that had a fundamental effect on the company's operations. We determined that the most significant laws and regulations included UK GAAP, UK Companies Act 2006 and taxation laws.
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur.

Audit procedures performed by the engagement team included:

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process. Detailed analysis of journals posted through the accounting system during the year to 31 December 2022 has been undertaken;
- Understanding the controls in place to prevent and detect fraud. Reliance was not placed on controls for the entirety of the audit, instead taking a substantive testing approach, however controls were in place to prevent fraud, and they appeared to be working effectively;
- Challenging assumptions and judgements made by management in its significant accounting estimates.
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgements made by management in its significant accounting estimates; and
 - identifying and testing journal entries, in particular any journal entries with unusual characteristics.

SWANTON CARE & COMMUNITY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWANTON CARE & COMMUNITY LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Martin Howard

.....
Martin Howard (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

19/7/2023
Date:.....

SWANTON CARE & COMMUNITY LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	3	65,999,821	53,802,043
Other operating income	4	153,394	297,529
Cost of sales		<u>(43,294,194)</u>	<u>(36,066,833)</u>
Gross profit		22,859,021	18,032,739
Administrative expenses		<u>(11,801,693)</u>	<u>(9,702,412)</u>
EBITDA		11,057,328	8,330,327
Loss/(profit) on disposal of tangible fixed assets		(765,781)	(212,795)
Amortisation		(1,225,251)	(712,798)
Depreciation		(2,064,060)	(1,985,024)
Impairment of tangible fixed assets		-	-
Exceptional items	6	<u>(1,593,446)</u>	<u>(1,192,636)</u>
Operating profit	5	5,408,790	4,227,074
Other interest receivable and similar income		5	-
Interest payable and similar charges	7	<u>(2,824,836)</u>	<u>(1,781,187)</u>
Profit before tax		2,583,959	2,445,887
Taxation	11	<u>(810,848)</u>	<u>(2,087,566)</u>
Profit for the financial year		<u>1,773,111</u>	<u>358,321</u>

The above results were derived from continuing operations.

The group has no other comprehensive income for the year.

The notes on pages 16 to 35 form an integral part of these financial statements.

SWANTON CARE & COMMUNITY LIMITED**(REGISTRATION NUMBER: 05789785)****CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	12	30,041,315	14,865,208
Tangible assets	13	<u>75,721,917</u>	<u>65,285,512</u>
		<u>105,763,232</u>	<u>80,150,720</u>
Current assets			
Debtors: Amounts falling due within one year	16	12,857,009	12,694,048
Cash at bank and in hand		<u>2,964,565</u>	<u>3,808,719</u>
		15,821,574	16,502,767
Creditors: Amounts falling due within one year	17	<u>(38,087,611)</u>	<u>(39,382,143)</u>
Net current liabilities		<u>(22,266,037)</u>	<u>(22,879,376)</u>
Total assets less current liabilities		83,497,195	57,271,344
Creditors: Amounts falling due after more than one year	17	(57,689,474)	(33,014,953)
Provisions for liabilities	11	<u>(4,565,524)</u>	<u>(4,787,305)</u>
Net assets		<u>21,242,197</u>	<u>19,469,086</u>
Capital and reserves			
Called up share capital	20	30,720,947	30,720,947
Revaluation reserve		5,607,160	5,607,160
Profit and loss account		<u>(15,085,910)</u>	<u>(16,859,021)</u>
Total equity		<u>21,242,197</u>	<u>19,469,086</u>

18/7/2023

Approved and authorised by the Board on and signed on its behalf by:

Julianne Baker

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J Baker
Director

The notes on pages 16 to 35 form an integral part of these financial statements.

SWANTON CARE & COMMUNITY LIMITED

(REGISTRATION NUMBER: 05789785)
BALANCE SHEET AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	454,434	300,276
Investments	14	82,880,013	69,228,755
		<u>83,334,447</u>	<u>69,529,031</u>
Current assets			
Debtors: Amounts falling due within one year	16	22,894,581	5,382,566
Cash at bank and in hand		95,164	331,909
		<u>22,989,745</u>	<u>5,714,475</u>
Creditors: Amounts falling due within one year	17	<u>(102,603,355)</u>	<u>(88,381,496)</u>
Net current liabilities		<u>(79,613,610)</u>	<u>(82,667,021)</u>
Total assets less current liabilities		3,720,837	(13,137,990)
Creditors: Amounts falling due after more than one year	17	<u>(57,656,661)</u>	<u>(33,014,953)</u>
Net liabilities		<u>(53,935,824)</u>	<u>(46,152,943)</u>
Capital and reserves			
Called up share capital	20	30,720,947	30,720,947
Profit and loss account		<u>(84,656,771)</u>	<u>(76,873,890)</u>
Total equity		<u>(53,935,824)</u>	<u>(46,152,943)</u>

The company made a loss after tax for the financial year of £7,782,881 (2021 - loss of £8,283,924).

18/7/2023

Approved and authorised by the Board on and signed on its behalf by:

Julianne Baker

.....
J Baker
Director

The notes on pages 16 to 35 form an integral part of these financial statements.

SWANTON CARE & COMMUNITY LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31
DECEMBER 2022
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY**

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2022	30,720,947	5,607,160	(16,859,021)	19,469,086
Profit for the year	-	-	1,773,111	1,773,111
At 31 December 2022	<u>30,720,947</u>	<u>5,607,160</u>	<u>(15,085,910)</u>	<u>21,242,197</u>

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2021	30,720,947	5,607,160	(17,217,342)	19,110,765
Profit for the year	-	-	358,321	358,321
At 31 December 2021	<u>30,720,947</u>	<u>5,607,160</u>	<u>(16,859,021)</u>	<u>19,469,086</u>

The notes on pages 16 to 35 form an integral part of these financial statements.

SWANTON CARE & COMMUNITY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Profit and loss account £	Total £
At 1 January 2022	30,720,947	(76,873,890)	(46,152,943)
Loss for the year	-	(7,782,881)	(7,782,881)
At 31 December 2022	<u>30,720,947</u>	<u>(84,656,771)</u>	<u>(53,935,824)</u>

	Share capital £	Profit and loss account £	Total £
At 1 January 2021	30,720,947	(68,589,966)	(37,869,019)
Loss for the year	-	(8,283,924)	(8,283,924)
At 31 December 2021	<u>30,720,947</u>	<u>(76,873,890)</u>	<u>(46,152,943)</u>

The notes on pages 16 to 35 form an integral part of these financial statements.

SWANTON CARE & COMMUNITY LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		1,773,111	358,321
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	3,289,311	2,697,845
Loss on disposal of tangible assets		765,781	212,795
Finance income		(5)	-
Finance costs	7	2,824,836	1,781,187
Corporation tax expense	11	810,848	2,087,566
		<u>9,463,882</u>	<u>7,137,714</u>
Working capital adjustments			
Decrease/(increase) in trade debtors	16	965,803	(5,274,301)
(Decrease)/increase in trade creditors	17	<u>(10,546,527)</u>	<u>8,439,895</u>
Cash generated from operations		(116,842)	10,303,308
Income taxes paid	11	<u>(1,118,543)</u>	<u>(999,526)</u>
Net cash flow from operating activities		<u>(1,235,385)</u>	<u>9,303,782</u>
Cash flows from investing activities			
Interest received		5	-
Acquisitions of tangible assets		(11,559,462)	(6,644,315)
Proceeds from sale of tangible assets		748,258	325,000
Acquisition of intangible assets	12	(58,532)	-
Acquisition of subsidiaries net of cash acquired	15	<u>(15,402,048)</u>	<u>(6,127,835)</u>
Net cash flows from investing activities		<u>(26,271,779)</u>	<u>(12,447,150)</u>
Cash flows from financing activities			
Interest paid		(2,154,317)	(1,329,140)
Proceeds from bank borrowing draw downs		31,339,445	7,852,250
Repayment of bank borrowing		(2,500,000)	(2,000,000)
Payments to finance lease creditors		<u>(22,118)</u>	<u>(47,799)</u>
Net cash flows from financing activities		<u>26,663,010</u>	<u>4,475,311</u>
Net (decrease)/increase in cash and cash equivalents		(844,154)	1,331,943
Cash and cash equivalents at 1 January		<u>3,808,719</u>	<u>2,476,776</u>
Cash and cash equivalents at 31 December		<u>2,964,565</u>	<u>3,808,719</u>

The notes on pages 16 to 35 form an integral part of these financial statements.

SWANTON CARE & COMMUNITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

3 Siskin Drive
Middlemarch Business Park
Coventry
CV3 4FJ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Group note

The largest group in which the results of the company are consolidated is that headed by Sunshine Care Topco Limited. The consolidated accounts of Sunshine Care Topco Limited are available from Companies House.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2022.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

SWANTON CARE & COMMUNITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Parent company profit and loss account

The company has taken advantage of the provisions of the Companies Act 2006 and has not presented a profit and loss account. The company recorded a loss for the year of £10,550,291 (2021 - £8,283,924)

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Accounting estimates and judgements

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives of the assets so these are re-assessed annually and amended when necessary to reflect current estimates.

Impairment of tangible assets

Management have assessed the land and buildings portfolio for impairment using an earnings multiplier valuation methodology. The assessment of future earnings, and appropriate market multiples is inherently judgemental.

Impairment of debtors

The Company makes an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Critical accounting judgements in applying the Company's accounting policies

There are no such judgements in either the current or prior year.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities.

SWANTON CARE & COMMUNITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Tax

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

The current 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 taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	2% on cost
Fixtures, fittings and equipment	10%-25% on cost
Motor vehicles	25% on cost

Land and assets under construction are not depreciated.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Straight line over 20 years

The directors have reviewed the useful economic life of goodwill on acquisitions and have assessed it to be 20 years rather than 10.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

SWANTON CARE & COMMUNITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the group's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

SWANTON CARE & COMMUNITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

SWANTON CARE & COMMUNITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****3 Turnover**

The total turnover of the company has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2022	2021
	£	£
Grant income	<u>153,394</u>	<u>297,529</u>

During the current and prior years, the group received monies in the form of grants relating to COVID-19 infection control.

5 Operating profit

Arrived at after charging

	2022	2021
	£	£
Depreciation expense	2,064,060	1,985,047
Amortisation expense	1,225,251	712,798
Operating lease expense - property	872,870	911,309
Operating lease expense - plant and machinery	(1,454)	(1,835)
Operating lease expense - other	231,020	177,196
Loss on disposal of property, plant and equipment	<u>765,781</u>	<u>212,795</u>

6 Exceptional items

	2022	2021
	£	£
Exceptional expenses	<u>1,593,446</u>	<u>1,192,636</u>

Exceptional costs in the prior year consists of predominantly new system set up costs.

Exceptional costs in the current year consists of £204,641 of termination and restructuring costs, £180,353 of new system set up costs, £179,010 of non-recurring legal and professional fees, £147,768 of fees associated with aborted acquisitions, £125,700 of valuation fees, £111,600 of due diligence fees and £644,374 of other non-recurring expenses.

7 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and borrowings	2,149,422	1,329,095
Interest on obligations under finance leases and hire purchase contracts	4,895	43,089
Amortisation of debt costs	<u>670,519</u>	<u>409,003</u>
	<u>2,824,836</u>	<u>1,781,187</u>

SWANTON CARE & COMMUNITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****8 Staff costs****Group**

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	40,513,092	34,834,259
Social security costs	3,426,456	2,644,907
Pension costs, defined contribution scheme	669,833	657,514
	<u>44,609,381</u>	<u>38,136,680</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Care staff	2,047	1,586
Administration and support	111	93
	<u>2,158</u>	<u>1,679</u>

Company

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	4,075,496	3,214,006
Social security costs	369,785	291,467
Pension costs, defined contribution scheme	119,024	92,517
	<u>4,564,305</u>	<u>3,597,990</u>

The average number of persons employed by the company (including directors) during the year was 93 (2021 - 75).

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£	£
Remuneration (including benefits in kind)	594,787	517,384
Contributions paid to money purchase schemes	21,394	6,778
	<u>616,181</u>	<u>524,162</u>

In respect of the highest paid director:

	2022	2021
	£	£
Remuneration	<u>176,737</u>	<u>204,204</u>

SWANTON CARE & COMMUNITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****10 Auditors' remuneration**

	2022	2021
	£	£
Audit of these financial statements	<u>32,000</u>	<u>65,000</u>
	2022	2021
	£	£
Non-audit services	<u>58,150</u>	<u>15,000</u>

11 Taxation

Tax charged in the profit and loss account

	2022	2021
	£	£
Current taxation		
UK corporation tax	810,848	625,839
UK corporation tax adjustment to prior periods	<u>-</u>	<u>125,297</u>
	810,848	751,136
Deferred taxation		
Arising from origination and reversal of timing differences	<u>-</u>	<u>1,336,430</u>
Tax expense in the income statement	<u>810,848</u>	<u>2,087,566</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022	2021
	£	£
Profit before tax	<u>2,583,959</u>	<u>2,445,887</u>
Corporation tax at standard rate	490,952	464,719
Effect of expense not deductible in determining taxable profit (tax loss)	27,360	41,078
Deferred tax expense relating to changes in tax rates or laws	-	1,336,430
Increase in UK and foreign current tax from unrecognised tax loss or credit	-	125,297
Tax increase from effect of capital allowances and depreciation	477,374	42,851
Tax (decrease)/increase arising from group relief	(165,359)	87,516
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>-</u>	<u>(10,325)</u>
Total tax charge	<u>830,327</u>	<u>2,087,566</u>

SWANTON CARE & COMMUNITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Deferred tax

Group

Deferred tax assets and liabilities

	Liability £
2022	
Accelerated capital allowances	3,100,774
Long term timing differences	1,464,750
	<u>4,565,524</u>

	Liability £
2021	
Accelerated capital allowances	3,322,555
Long term timing differences	1,464,750
	<u>4,787,305</u>

12 Intangible assets

Group

	Goodwill £
Cost	
At 1 January 2022	18,323,799
Additions acquired separately	16,401,358
At 31 December 2022	<u>34,725,157</u>
Amortisation	
At 1 January 2022	3,458,591
Amortisation charge	1,225,251
At 31 December 2022	<u>4,683,842</u>
Carrying amount	
At 31 December 2022	<u>30,041,315</u>
At 31 December 2021	<u>14,865,208</u>

SWANTON CARE & COMMUNITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****13 Tangible assets****Group**

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Properties under construction £	Total £
Cost or valuation					
At 1 January 2022	65,774,278	13,959,440	1,319,905	3,570,606	84,624,229
Additions	9,237,951	1,950,071	163,797	207,643	11,559,462
Acquired through business combinations	2,357,479	77,375	20,188	-	2,455,042
Disposals	(1,183,776)	(1,196,096)	(20,212)	(365,445)	(2,765,529)
At 31 December 2022	<u>76,185,932</u>	<u>14,790,790</u>	<u>1,483,678</u>	<u>3,412,804</u>	<u>95,873,204</u>
Depreciation					
At 1 January 2022	8,817,786	9,289,192	978,539	253,200	19,338,717
Charge for the year	275,961	1,640,066	148,033	-	2,064,060
Eliminated on disposal	(260,624)	(971,054)	(19,812)	-	(1,251,490)
At 31 December 2022	<u>8,833,123</u>	<u>9,958,204</u>	<u>1,106,760</u>	<u>253,200</u>	<u>20,151,287</u>
Carrying amount					
At 31 December 2022	<u>67,352,809</u>	<u>4,832,586</u>	<u>376,918</u>	<u>3,159,604</u>	<u>75,721,917</u>
At 31 December 2021	<u>56,956,492</u>	<u>4,670,248</u>	<u>341,366</u>	<u>3,317,406</u>	<u>65,285,512</u>

Included within the net book value of land and buildings above is £6,438,727 (2021 - £6,755,500) of land that has not been depreciated.

Leased assets

At 31 December 2022, the net carrying amount of motor vehicles leased under a finance lease was £142,035 (2021 - £152,080).

SWANTON CARE & COMMUNITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****Company**

	Furniture, fittings and equipment £	Motor vehicles £	Properties under construction £	Total £
Cost				
At 1 January 2022	339,436	390,258	2,542	732,236
Additions	<u>53,214</u>	<u>19,219</u>	<u>186,475</u>	<u>258,908</u>
At 31 December 2022	<u>392,650</u>	<u>409,477</u>	<u>189,017</u>	<u>991,144</u>
Depreciation				
At 1 January 2022	210,511	221,449	-	431,960
Charge for the year	<u>92,194</u>	<u>12,556</u>	<u>-</u>	<u>104,750</u>
At 31 December 2022	<u>302,705</u>	<u>234,005</u>	<u>-</u>	<u>536,710</u>
Carrying amount				
At 31 December 2022	<u>89,945</u>	<u>175,472</u>	<u>189,017</u>	<u>454,434</u>
At 31 December 2021	<u>128,925</u>	<u>168,809</u>	<u>2,542</u>	<u>300,276</u>

Leased assets

At 31 December 2022, the net carrying amount of motor vehicles leased under a finance lease was £142,035 (2021 - £152,080).

14 Investments**Company**

	2022 £	2021 £
Investments in subsidiaries	<u>82,880,013</u>	<u>69,228,755</u>

Subsidiaries**£****Cost**

At 1 January 2022	81,458,755
Additions	14,651,258
Reduction in investments value	<u>(1,000,000)</u>
At 31 December 2022	95,110,013

Impairment

At 1 January 2022 and at 31 December 2021	<u>12,230,000</u>
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Carrying amount

At 31 December 2022	<u>82,880,013</u>
At 31 December 2021	<u>69,228,755</u>

The £1m reduction in investments during the year relate to an overpayment in the prior year of consideration for an acquisition.

SWANTON CARE & COMMUNITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****Details of undertakings**

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Swanton Care & Community (Andrew Frederick Care Homes) Limited	England and Wales	Ordinary	100%	100%
Swanton Care & Community (Maesteilo Care Homes) Limited	England and Wales	Ordinary	100%	100%
Swanton Care & Community (Southfield House Care Services) Limited	Scotland	Ordinary	100%	100%
Swanton Care & Community (Glenpath Holdings) Limited	England and Wales	Ordinary	100%	100%
Swanton Care & Community (Autism North) Limited **	England and Wales	Ordinary	100%	100%
Ford Place Limited *	England and Wales	Ordinary	100%	100%
Ty-teilo Limited ***	England and Wales	Ordinary	100%	100%
Andrew Frederick Care Limited *	England and Wales	Ordinary	100%	100%
Cwm Teilo Limited ***	England and Wales	Ordinary	100%	100%
Courtyard Care Limited	England and Wales	Ordinary	100%	100%
G.R.S. (Care) Limited	England and Wales	Ordinary	100%	100%
Values In Care (Holdings) Limited	England and Wales	Ordinary	100%	100%
Values In Care Ltd****	England and Wales	Ordinary	100%	100%
Emerald Care Holdings Yorkshire Limited	England and Wales	Ordinary	100%	100%
Emerald Care Services Limited*****	England and Wales	Ordinary	100%	100%
L H Social Care Limited	England and Wales	Ordinary	100%	100%
Green Rose Care Limited	England and Wales	Ordinary	100%	0%
Deanston House Limited	England and Wales	Ordinary	100%	0%
Freedom Care and Support Limited	England and Wales	Ordinary	100%	0%
Children and Family Services Limited*****	England and Wales	Ordinary	100%	0%
Care Homes for Adults with Disabilities Limited	England and Wales	Ordinary	100%	0%

SWANTON CARE & COMMUNITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

- * - Owned directly by Swanton Care & Community (Andrew Frederick Care Homes) Limited
- ** - Owned directly by Swanton Care & Community (Glenpath Holdings) Limited
- *** - Owned directly by Swanton Care & Community (Maesteilo Care Homes) Limited
- **** - Owned directly by Values In Care (Holdings) Limited
- ***** - Owned directly by Emerald Care Holdings Yorkshire Limited
- ***** - Owned directly by Courtyard Care Limited

The principal activity of Swanton Care & Community (Andrew Frederick Care Homes) Limited, Swanton Care & Community (Maesteilo Care Homes) Limited, Swanton Care & Community (Southfield House Care Services, Swanton Care & Community (Autism North) Limited, Values In Care Limited and Emerald Care Services Limited is the ownership and management of residential care and nursing home and care services for people with complex needs.

The principal activity of Swanton Care & Community (Glenpath Holdings) Limited, Values In Care (Holdings) Limited and Emerald Care Holdings Yorkshire Limited is that of a holding company for investments in a wholly owned trading subsidiary (Swanton Care & Community (Autism North) Limited, Values In Care Limited and Emerald Care Services Limited) and the ownership and rental of commercial property to Swanton Care & Community (Autism North) Limited and Values In Care Limited, in order that Swanton Care & Community (Autism North) Limited and Values In Care Limited can carry out the operational trade of residential and other services for people within the autism spectrum of learning disabilities.

The principal activity of Courtyard Care Limited is the provision of children's residential care services. The principal activity of G.R.S. (Care) Limited and L H Social Care Limited is that of a homecare service. The principal activity of all other companies is that of dormant companies.

The principal activity of Green Rose Care Limited is the provision of care and support services for people with learning disabilities. The principal activity of Freedom Care and Support Limited is that of supported living and community support. The principal activity of Deanston House is that of nursing care and supporting people with learning disabilities. The principal activity of Children and Family Services Limited is the provision of children's supported living services. The principal activity of Care Homes for Adults with Disabilities Limited is caring for adults with learning disabilities.

During the year, Emerald Care Holdings Yorkshire, Emerald Care Services Limited, Green Rose Care Limited and L H Social Care Limited were hived into other group companies.

All companies have the same registered office as Swanton Care & Community Limited, other than Swanton Care & Community (Southfield House Care Services) Limited which has a registered office of Southfield House, Slamannan, Falkirk, FK1 3BB, Values In Care Limited and Values In Care (Holdings) Limited which both have a registered office of Tredomen Innovation & Technology Centre, Tredomen Business Park, Hengoed, Wales, CF82 7FQ and L H Social Care Limited which has a registered office of Bbhc Innovation Way, Wilthorpe, Barnsley, South Yorkshire, S75 1JL.

All subsidiaries of Swanton Care & Community Limited were entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

SWANTON CARE & COMMUNITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****15 Business combinations**

On 6 January 2022, Swanton Care & Community Limited acquired 100% of the issued share capital of Green Rose Care Limited, obtaining control.

Green Rose Care Limited contributed £2,278,228 revenue and £751,194 to the group's profit for the period between the date of acquisition and the Balance Sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair value 2022 £
Assets and liabilities acquired	
Financial assets	460,169
Financial liabilities	<u>(207,516)</u>
Total identifiable assets	<u>252,653</u>
Goodwill	<u>3,892,163</u>
Total consideration	<u><u>4,144,816</u></u>
Satisfied by:	
Cash	<u><u>4,144,816</u></u>
Cash flow analysis:	
Cash consideration	4,164,479
Less: cash and cash equivalent balances acquired	<u>(19,663)</u>
Net cash outflow arising on acquisition	<u><u>4,144,816</u></u>

The useful life of goodwill is 20 years.

SWANTON CARE & COMMUNITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

On 7 October 2022, Swanton Care & Community Limited acquired 100% of the issued share capital of Deanston House Limited, obtaining control.

Deanston House Limited contributed £918,958 revenue and £231,490 to the group's profit for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair value 2022 £
Assets and liabilities acquired	
Financial assets	287,000
Tangible assets	2,317,000
Financial liabilities	<u>(3,651,000)</u>
Total identifiable assets	<u>(1,047,000)</u>
Goodwill	<u>5,692,201</u>
Total consideration	<u>4,645,201</u>
Satisfied by:	
Cash	<u>4,645,201</u>
Cash flow analysis:	
Cash consideration	5,075,201
Less: cash and cash equivalent balances acquired	<u>(430,000)</u>
Net cash outflow arising on acquisition	<u>4,645,201</u>

The useful life of goodwill is 20 years.

SWANTON CARE & COMMUNITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

On 21 October 2022, Swanton Care & Community Limited acquired 100% of the issued share capital of Freedom Care and Support Limited, obtaining control.

Freedom Care and Support Limited contributed £118,060 revenue and a £(60,279) loss to the group's profit for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair value 2022 £
Assets and liabilities acquired	
Financial assets	120,261
Property, plant and equipment	142,230
Financial liabilities	<u>(187,470)</u>
Total identifiable assets	<u>75,021</u>
Goodwill	<u>964,966</u>
Total consideration	<u>1,039,987</u>
Satisfied by:	
Cash	<u>1,039,987</u>
Cash flow analysis:	
Cash consideration	1,403,781
Less: cash and cash equivalent balances acquired	<u>(363,794)</u>
Net cash outflow arising on acquisition	<u>1,039,987</u>

The useful life of goodwill is 20 years.

SWANTON CARE & COMMUNITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

On 14 December 2022, Courtyard Care Limited acquired 100% of the issued share capital of Children and Family Services Limited, obtaining control.

Children and Family Services Limited contributed £60,520 revenue and £15,869 to the group's profit for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair value 2022 £
Assets and liabilities acquired	
Financial assets	202,196
Property, plant and equipment	13,258
Financial liabilities	<u>(170,181)</u>
Total identifiable assets	45,273
Goodwill	<u>2,983,698</u>
Total consideration	<u>3,028,971</u>
Satisfied by:	
Cash	<u>3,028,971</u>
Cash flow analysis:	
Cash consideration	3,173,463
Less: cash and cash equivalent balances acquired	<u>(144,492)</u>
Net cash outflow arising on acquisition	<u>3,028,971</u>

The useful life of goodwill is 20 years.

On 20 December 2022, Swanton Care & Community Limited also acquired 100% of the issued share capital of Care Homes for Adults with Disabilities Limited, obtaining control. The revenue and profits earned for the period from 21 December 2022 to 31 December 2022 are deemed immaterial to include within the financial statements.

The assets acquired were £120,000, with liabilities acquired of £39,000. The total cash consideration was £2,724,073, with cash acquired of £181,000. Goodwill recognised on the transaction was £2,526,073.

16 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Trade debtors	9,908,689	9,245,172	-	-
Amounts owed by group undertakings	-	-	22,579,574	4,789,928
Other debtors	2,495,667	2,864,815	49,983	242,265
Prepayments and accrued income	<u>452,653</u>	<u>584,061</u>	<u>265,024</u>	<u>350,373</u>
	<u>12,857,009</u>	<u>12,694,048</u>	<u>22,894,581</u>	<u>5,382,566</u>

SWANTON CARE & COMMUNITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****17 Creditors**

		Group		Company	
	Note	2022	2021	2022	2021
		£	£	£	£
Due within one year					
Loans and borrowings	18	2,565,033	2,087,151	2,565,033	2,081,429
Trade creditors		791,553	554,819	514,825	186,194
Amounts due to group undertakings		23,297,905	22,588,022	97,864,397	84,350,945
Social security and other taxes		1,603,800	1,334,039	332,600	244,744
Outstanding defined contribution pension costs		1,056,963	311,663	400,641	179,914
Other creditors		5,459,215	8,774,043	458,590	209,762
Accruals and deferred income		1,240,152	1,737,018	542,179	1,110,418
Corporation tax liability	11	637,377	637,869	(74,910)	18,090
Deferred income		1,435,613	1,357,519	-	-
		<u>38,087,611</u>	<u>39,382,143</u>	<u>102,603,355</u>	<u>88,381,496</u>
Due after one year					
Loans and borrowings	18	<u>57,689,474</u>	<u>33,014,953</u>	<u>57,656,661</u>	<u>33,014,953</u>

18 Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Current loans and borrowings				
Bank borrowings	2,500,000	2,000,000	2,500,000	2,000,000
Finance lease liabilities	65,033	87,151	65,033	81,429
	<u>2,565,033</u>	<u>2,087,151</u>	<u>2,565,033</u>	<u>2,081,429</u>
Non-current loans and borrowings				
Bank borrowings	<u>57,689,474</u>	<u>33,014,953</u>	<u>57,656,661</u>	<u>33,014,953</u>

The bank loans are secured over certain assets of the group by way of fixed and floating charges, and obligations under finance leases are secured over the assets to which they relate.

The A and B bank loans are repayable in six monthly instalments of £500,000, with the full amount repayable by 54 months from drawdown, in March 2024. The interest rate is 3.5% p.a. The other bank loans held are due for repayment in greater than one year, and have interest rates from 3.3% - 3.5%, linked to base rate.

During the year, additional facilities were drawn down to assist with acquisitions made during the year. Total drawdowns were £31,339,445. Interest is charged at an average of 4.38%.

The total bank loan balance is shown net of debt costs of £882,814 (2021 - £897,297), the gross amount outstanding as at 31 December 2022 was £61,072,288 (2021 - £35,912,250).

SWANTON CARE & COMMUNITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****19 Pension and other schemes****Defined contribution pension scheme**

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £669,833 (2021 - £657,514).

Contributions totalling £1,056,963 (2021 - £311,663) were payable to the scheme at the end of the year and are included in creditors.

20 Share capital**Allotted, called up and fully paid shares**

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	30,720,947	30,720,947	30,720,947	30,720,947

21 Obligations under leases and hire purchase contracts**Group****Finance leases**

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	65,033	152,080

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	144,291	205,925
Later than one year and not later than five years	-	16,925
	144,291	222,850

22 Analysis of changes in net debt**Group**

	At 1 January 2022 £	Financing cash flows £	Other non-cash changes £	At 31 December 2022 £
Cash and cash equivalents				
Cash	3,808,719	(844,154)	-	2,964,565
Borrowings				
Long term borrowings	(33,014,953)	(27,674,521)	25,000,000	(35,689,474)
Short term borrowings	(2,000,000)	2,500,000	(25,000,000)	(24,500,000)
Lease liabilities	(87,151)	22,118	-	(65,033)
	(35,102,104)	(25,152,403)	-	(60,254,507)
	(31,293,385)	(25,996,557)	-	(57,289,942)

SWANTON CARE & COMMUNITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

23 Financial guarantee

Swanton Care & Community Limited has given a guarantee under Section 479A of the Companies Act 2006 to guarantee all outstanding liabilities as at 31 December 2022 of all subsidiary companies. Therefore, the subsidiary companies are exempt from the requirements of the Act relating to the audit of individual accounts.

24 Parent and ultimate parent undertaking

The company's immediate parent is Sunshine Care Bidco Limited, incorporated in England and Wales.

The ultimate parent is Sunshine Care Topco Limited, incorporated in England and Wales.