

SCIO HEALTHCARE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

SCIO HEALTHCARE LIMITED

COMPANY INFORMATION

Directors

J L Gavin (resigned 1 June 2022)
S F Gavin (resigned 1 June 2022)
A H Smith
K A Shaw (appointed 1 June 2022)
E M Jones (appointed 1 June 2022)
V L Heenan (appointed 1 June 2022, resigned 30 September 2022)
N J Barnes (appointed 1 June 2022)

Registered number

04964072

Registered office

2nd Floor
Clifton House
Bunnian Place
Basingstoke
Hampshire
RG21 7JE

Independent auditors

James Cowper Kreston Audit
Chartered Accountants and Statutory Auditor
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

SCIO HEALTHCARE LIMITED

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SCIO HEALTHCARE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The following report sets out the strategic view and associated risks for Scio Healthcare Limited as at 31 March 2023.

Business review

The Company operates three nursing and residential care homes located on the Isle of Wight. Turnover for the year increased by 3.8% to £7,375,017 (2022: £7,102,858), with occupancy averaging 95.7% (2022: 95.8%).

Staff costs increased by 11% and were 64.3% of turnover (2022: 60.1% of turnover). The adjusted operating profit as a percentage of turnover was 19.8% (2022: 24.6%).

Principal risks and uncertainties

The following principal risks and uncertainties for the Company have been identified:

Regulatory environment

The Company's activities are subject to a high level of regulation and inspection by the Care Quality Commission. The risk from the negative effects of any non-compliance is the impact which it may have on the Company's reputation and profits. Under the CQC's new inspection regime, they regularly review care homes using information from a variety of sources including physical inspections. The risks are mitigated by a strict management reporting regime that is part of a rigorous process of internal control over quality and compliance, along with evolving policies and practices that take into account changes in regulatory obligations.

Competition

Competition comes from the growing number of other care homes, including not-for-profit organisations, and domiciliary care providers. This is driven by the increasing size of the UK's elderly population and demographics which indicate that demand will continue to increase in the longer term. The risk of competition is mitigated by a values-based approach and ensuring that our residents receive a high quality of care. An ongoing refurbishment programme is in place to ensure our care homes are maintained to a high standard.

Staffing

The recruitment and retention of suitably qualified care staff is fundamental to running a successful business in the care sector. As widely publicised by the media, the competition for staff has become very challenging. We are proud to be a Real Living Wage Employer with all staff receiving at least an independently set minimum hourly rate of pay, which is based on what people require to meet every day needs. In addition, we gave staff a £600 one-off bonus to support them over the winter following the surge in fuel prices. These are positive ways to thank our team and is also helping the Company recruit and retain staff in a very competitive market with a particularly high number of job vacancies.

In addition, a series of initiatives have been implemented to support recruitment and retention underpinned by high quality training and a value based culture. The Company also continues to invest in new technology to improve the lives of both residents and staff.

Financial risks

The principal financial risk faced by the Company is liquidity risk. However, the Company is trading profitably and maintains a positive cash balance. In addition, regular cash flow forecasts are prepared which take into account the predictable operational revenue and cost streams.

SCIO HEALTHCARE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Financial key performance indicators

The key performance indicators for the Company have been identified as follows:

	2023	2022	Change	
Turnover	£7,375,017	£7,102,858		3.8%
Occupancy	95.7%	95.8%		-0.1%
Adjusted operating profit*	£1,462,296	£1,745,515		-16.2%
Adjusted operating profit % of turnover*	19.8%	24.6%		
Staff cost as % of turnover	64.3%	60.1%		

* adjusted to exclude winter fuel bonus and other operating income.

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

K A Shaw

Director

Date: 8 November 2023

SCIO HEALTHCARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The Directors present their report and the financial statements for the year ended 31 March 2023.

Principal activity

The company's principal activity during the year under review was that of operating nursing and residential care homes.

Results and dividends

The profit for the year, after taxation, amounted to £1,296,817 (2022 - £1,531,205).

No dividend was paid in the year (2022: £Nil)

Directors

The Directors who served during the year were:

J L Gavin (resigned 1 June 2022)
S F Gavin (resigned 1 June 2022)
A H Smith
K A Shaw (appointed 1 June 2022)
E M Jones (appointed 1 June 2022)
V L Heenan (appointed 1 June 2022, resigned 30 September 2022)
N J Barnes (appointed 1 June 2022)

Directors' responsibilities statement

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 judgements 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.

SCIO HEALTHCARE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

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.

Post balance sheet events

See note 21 for details of post balance sheet events.

Auditors

The auditors, James Cowper Kreston Audit, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 8 November 2023 and signed on its behalf.

K A Shaw
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCIO HEALTHCARE LIMITED

Opinion

We have audited the financial statements of Scio Healthcare Limited (the 'Company') for the year ended 31 March 2023, 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 March 2023 and of its 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 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCIO HEALTHCARE LIMITED (CONTINUED)

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 year 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 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCIO HEALTHCARE 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 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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 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 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.

Alexander Peal BSc (Hons) FCA DChA (Senior statutory auditor)
for and on behalf of

James Cowper Kreston Audit

Chartered Accountants and Statutory Auditor
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

8 November 2023

SCIO HEALTHCARE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover	4	7,375,017	7,102,858
Cost of sales		(5,008,965)	(4,492,245)
Gross profit		2,366,052	2,610,613
Administrative expenses		(903,756)	(865,098)
Winter fuel bonus		(93,810)	-
Other operating income	5	-	153,684
Operating profit	6	1,368,486	1,899,199
Tax on profit	9	(71,669)	(367,994)
Profit for the financial year		1,296,817	1,531,205

There was no other comprehensive income for 2023 (2022: £NIL).

The notes on pages 11 to 21 form part of these financial statements.

SCIO HEALTHCARE LIMITED
REGISTERED NUMBER: 04964072

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	10	13,267,225	13,001,624
Current assets			
Stocks		9,775	6,784
Debtors: amounts falling due after more than one year	11	70,000	-
Debtors: amounts falling due within one year	11	391,533	434,946
Cash at bank and in hand	12	140,937	125,424
		<u>612,245</u>	<u>567,154</u>
Creditors: amounts falling due within one year	13	(932,627)	(938,917)
Net current liabilities		(320,382)	(371,763)
Total assets less current liabilities		<u>12,946,843</u>	<u>12,629,861</u>
Creditors: amounts falling due after more than one year	14	(2,894,223)	(3,925,060)
Provisions for liabilities			
Deferred tax	15	(600,786)	(549,784)
Net assets		<u><u>9,451,834</u></u>	<u><u>8,155,017</u></u>
Capital and reserves			
Called up share capital	16	50,002	50,002
Revaluation reserve	17	3,941,575	3,941,575
Profit and loss account	17	5,460,257	4,163,440
		<u><u>9,451,834</u></u>	<u><u>8,155,017</u></u>

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

K A Shaw
Director

Date: 8 November 2023

The notes on pages 11 to 21 form part of these financial statements.

SCIO HEALTHCARE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 April 2022	50,002	3,941,575	4,163,440	8,155,017
Profit for the year	-	-	1,296,817	1,296,817
At 31 March 2023	50,002	3,941,575	5,460,257	9,451,834

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 April 2021	50,002	3,941,575	2,632,235	6,623,812
Profit for the year	-	-	1,531,205	1,531,205
At 31 March 2022	50,002	3,941,575	4,163,440	8,155,017

The notes on pages 11 to 21 form part of these financial statements.

SCIO HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Scio Healthcare Ltd (registered number 04964072) is a private company limited by shares incorporated in England and Wales. The address of the registered office is 2nd Floor, Clifton House, Bunnian Place, Basingstoke, Hampshire, RG21 7JE. The principal places of business are at three locations on the Isle of Wight.

The principal activity of the Company during the year under review was that of operating nursing and residential care homes.

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

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 Hartford Care Group Limited as at 31 March 2023 and these financial statements may be obtained from Registrar of Companies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.3 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:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.5 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.

Depreciation is provided on the following basis:

Freehold property	- 5% - 10% per annum on cost
Long-term leasehold property	- 5% - 10% per annum on cost
Plant and machinery	- 5% - 10% per annum on cost
Fixtures and fittings	- 10% - 50% per annum on cost
Computer equipment	- 50% per annum on cost

Freehold property is not depreciated.

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 the Statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.6 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.7 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 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.

2.9 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 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 YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year 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.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.13 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 liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Tangible fixed assets (note 10)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issue such as the remaining life of the asset and projected disposal values.

Taxation (note 9)

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authority.

The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 15.

4. Turnover

An analysis of turnover by class of business is as follows:

	2023	2022
	£	£
Fee income	<u>7,375,017</u>	<u>7,102,858</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2023	2022
	£	£
Other operating income	-	145,466
CJRS income	-	8,218
	<u>-</u>	<u>153,684</u>

SCIO HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

6. Operating profit

The operating profit is stated after charging:

	2023	2022
	£	£
Depreciation	178,274	153,458
Defined contribution pension cost	71,029	66,332

7. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2023	2022
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	7,819	7,089

8. Employees

Staff costs were as follows:

	2023	2022
	£	£
Wages and salaries	4,343,377	3,947,803
Social security costs	330,590	257,595
Cost of defined contribution scheme	71,029	66,332
	4,744,996	4,271,730

The average monthly number of employees during the year was as follows:

	2023	2022
	No.	No.
Care Staff	176	186
Administration	5	5
	181	191

SCIO HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

9. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	20,518	211,111
Adjustments in respect of previous periods	149	-
Total current tax	20,667	211,111
Deferred tax		
Origination and reversal of timing differences	51,001	32,807
Adjustments in respect of prior periods	1	1
Effect of tax rate change on opening balance	-	124,075
Total deferred tax	51,002	156,883
Taxation on profit on ordinary activities	71,669	367,994

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	1,368,486	1,899,199
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	260,012	360,848
Effects of:		
Capital allowances for year in excess of depreciation	(6,453)	(6,546)
Adjustments to tax charge in respect of previous periods - deferred tax	150	1
Remeasurement of deferred tax for changes in tax rates	15,149	131,948
Other differences leading to an increase (decrease) in the tax charge	(12,118)	3,269
Group relief	(185,071)	(121,526)
Total tax charge for the year	71,669	367,994

Factors that may affect future tax charges

In the Spring Budget 2022, the Government announced that from 1 April 2023 the main corporation tax rate will increase to 25%. The impact of these changes is not expected to be material.

SCIO HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

10. Tangible fixed assets

	Freehold property £	Property improvements £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation							
At 1 April 2022	12,421,952	-	55,001	8,390	188,927	70,625	1,644,895
Additions	-	226,152	-	-	204,008	26,247	456,407
Disposals	-	-	-	-	-	(21,512)	(21,512)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	12,421,952	226,152	55,001	8,390	292,935	75,360	1,079,790
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation							
At 1 April 2022	-	-	16,042	5,873	575,370	45,986	643,271
Charge for the year on owned assets	-	3,713	5,500	1,678	149,521	17,862	178,274
Disposals	-	-	-	-	-	(8,980)	(8,980)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	-	3,713	21,542	7,551	724,891	54,868	812,565
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value							
At 31 March 2023	<u>12,421,952</u>	<u>222,439</u>	<u>33,459</u>	<u>839</u>	<u>568,044</u>	<u>20,492</u>	<u>1,267,225</u>
At 31 March 2022	<u>12,421,952</u>	<u>-</u>	<u>38,959</u>	<u>2,517</u>	<u>513,557</u>	<u>24,639</u>	<u>1,001,624</u>
At 31 March 2022							

SCIO HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

11. Debtors

	2023 £	2022 £
Due after more than one year		
Amounts owed by group undertakings	<u>70,000</u>	<u>-</u>
	2023 £	2022 £
Due within one year		
Trade debtors	213,733	355,609
Other debtors	1,520	896
Prepayments and accrued income	176,280	78,441
	<u>391,533</u>	<u>434,946</u>

The intercompany receivable is unsecured and fully subordinated to any charges or rights accrued in connection with the Group loan facility. The intercompany receivable is repayable on a rolling 367 day basis and accrues no interest.

The bank loan held by Hartford Care Group Limited is secured by an intercompany guarantee over the Group's assets.

12. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	<u>140,937</u>	<u>125,424</u>

13. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	143,221	186,579
Corporation tax	231,629	210,962
Other taxation and social security	38,677	40,347
Other creditors	65,374	55,725
Accruals and deferred income	453,726	445,304
	<u>932,627</u>	<u>938,917</u>

SCIO HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14. Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Amounts owed to group undertakings	<u>2,894,223</u>	<u>3,925,060</u>

The intercompany payable is unsecured and fully subordinated to any charges or rights accrued in connection with the Group loan facility. The intercompany payable is repayable on a rolling 367 day basis and accrues no interest.

The bank loan held by Hartford Care Group Limited is secured by an intercompany guarantee over the Group's assets.

15. Deferred taxation

	2023 £	2022 £
At beginning of year	(549,784)	(392,901)
(Charged)/credited to profit or loss	(51,002)	(156,883)
At end of year	<u>(600,786)</u>	<u>(549,784)</u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Fixed asset timing differences	(105,751)	(54,304)
Capital gains	(497,913)	(497,913)
Short term timing differences	2,878	2,433
	<u>(600,786)</u>	<u>(549,784)</u>

16. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
50,002 (2022 - 50,002) Ordinary shares of £1.00 each	<u>50,002</u>	<u>50,002</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. Reserves

Revaluation reserve

The revaluation reserve relates to freehold property and fixtures & fittings.

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

18. Contingent liabilities

Along with fellow subsidiaries, the Company is a guarantor in the Facilities Agreement, entered into by Hartford Care Group Limited with National Westminster Bank plc. Under this agreement the bank holds a charge over its assets.

19. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £71,029 (2022: £66,332). Contributions totalling £21,416 (2022: £18,005) were payable to the fund at the balance sheet date and are included in creditors.

20. Related party transactions

The Company is exempt from disclosing related party transactions with other 100% owned members of the Group headed by Hartford Care Group Limited by virtue of FRS 102 section 33.1A. Balances owed by and due to members of the Group are disclosed in notes 11 and 14 respectively.

21. Post balance sheet events

On 31 October 2023, the Company acquired Inver House, a 50 bed residential care home on the Isle of White for consideration of £2,000,000.

22. Controlling party

The ultimate parent Company and the smallest and largest group in which the Company's results are consolidated is Hartford Care Group Limited, a Company incorporated in England and Wales. The consolidated accounts of Hartford Care Group Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

There is no one ultimate controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.