Company Registration No. 05388869 (England and Wales)

INTEGRATED CARE SOLUTIONS (SHROPSHIRE) HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

UHY Hacker Young
Chartered Accountants

INTEGRATED CARE SOLUTIONS (SHROPSHIRE) HOLDINGS LIMITED

COMPANY INFORMATION

Directors	P Would	
	H Holman	(Appointed 1 April 2021)
Company Secretary	M Duggan	
Company number	05388869	
Registered office	3rd Floor, South Building 200 Aldersgate Street London EC1A 4HD	
Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW	

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INTEGRATED CARE SOLUTIONS (SHROPSHIRE) HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their annual report and audited financial statements for the year ended 31 December 2021.

Principal activities
The principal activity of Integrated Care Solutions (Shropshire) Holdings Limited during the year is that of a holding company with a single subsidiary, Integrated Care Solutions (Shropshire) Limited. Integrated Care Solutions (Shropshire) limited is engaged in a 30 year contract with Shropshire County Council to operate social services and community buildings (incorporating library facilities).

Integrated Care Solutions (Shropshire) Limited has closely monitored the performance of the business during the year together with its technical advisors and the contract has been carried out in line with expectations.

Integrated Care Solutions (Shropshire) Holdings Limited, during the coming year, will continue to act as the holding company for its single subsidiary, Integrated Care solutions (Shropshire) Limited.

Covid-19 & going concern
In the annual review of the Group's going concern, the Directors have considered the long term impact of the Covid-19 pandemic. Recent Government Procurement Policy Note sets out information and guidance for public bodies on payment of their suppliers to ensure service continuity during and after the current coronavirus, COVID-19, outbreak confirming that the suppliers will continue to be paid as normal. The Group has entered into long-term contracts with its customer and suppliers, and after careful review of these contracts the Directors are confident that the Group can operate as normal for the next twelve months. The Directors have committed to carrying out regular reviews of the Group's cash flows to monitor the ongoing situation.

In light of the net liabilities of £1,206k (2020: £2,335k), including the fair value liability of the swap transaction of £2,236k (2020: £3,280k), the directors have reviewed the company's projected profits and cash flows by reference to a financial model covering accounting periods up to September 2036.
Having examined the current status of the company's principal contracts and likely developments in the foreseeable future, the directors consider that the company will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

Key performance indicators
The key performance indicators for the Group are compliance with the financial model and compliance with banking covenants. As at 31 December 2021 the Group's financial performance and financial position was in line with that anticipated by the financial model and the Group was not in breach of any banking covenants imposed by lenders.

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

B D Adams	(Resigned 1 April 2021)
P Would	
H Holman	(Appointed 1 April 2021)

Results and dividends
The results for the year are set out on page 8.

The profit for the year after taxation amounted to £726k (2020: £680k). Interim dividends totalling £577k (2020: £561k) were paid in the year. The directors do not recommend a final dividend to be paid (2020: £nil).

Directors' insurance
The Company did not provide indemnity insurance to the Directors during the year (2020: £Nil).

Principal risk and uncertainties
The Group is subject to certain risks during the operational phase of the contract. These risks wherever possible have been mitigated by passing the risk down to sub-contractors or by using interest-rate swaps.

Liquidity risk
The Group builds up sufficient cash balances to ensure it is able to meet its loan obligations and other liabilities.

Credit risk
The Group's principal financial assets are its long-term debtors. The Directors consider that credit risk is mitigated by the fact that Shropshire County Council is the Group's sole counterparty and debtor. The Directors consider Shropshire County Council is a financially secure counterparty. Clauses in the concession agreement ensure that the Group will be sufficiently compensated by Shropshire County Council in the event of default or voluntary termination.

Interest rate cashflow risk
The Group has in place hedging arrangements to eliminate risk from interest rate movements. In order to ensure stability of cash flows and hence manage interest rate risk, the Group has a policy of maintaining all of its bank debt at a fixed rate.

Auditor
UHY Hacker Young were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report exemption
The Directors' Report has been prepared in accordance with the special provision relating to small companies under Section 415 of the Companies Act 2006. As such the company is exempt from preparing a Strategic Report.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

DocuSigned by:

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....

H Holman
Director

16-Sep-2022 | 1:29 PM BST
Date: ....

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTEGRATED CARE SOLUTIONS (SHROPSHIRE) HOLDINGS LIMITED

Opinion

We have audited the financial statements of Integrated Care Solutions (Shropshire) Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INTEGRATED CARE SOLUTIONS (SHROPSHIRE) HOLDINGS LIMITED

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the company is entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INTEGRATED CARE SOLUTIONS (SHROPSHIRE) HOLDINGS LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the group, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports to Shropshire County Council, including correspondence with legal advisors, enquiries of management and review of the financial model and related audit reports in so far as they relate to the financial statements, and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

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

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INTEGRATED CARE SOLUTIONS (SHROPSHIRE) HOLDINGS LIMITED

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.

Marc Waterman (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

Date: 14/9/2022

Chartered Accountants
Statutory Auditor

INTEGRATED CARE SOLUTIONS (SHROPSHIRE) HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	1,977	1,979
Cost of sales		(1,427)	(1,405)
Gross profit		550	574
Administrative expenses		(213)	(219)
Other operating income		101	-
Operating profit		438	355
Interest receivable and similar income	6	1,008	1,038
Interest payable and similar expenses	7	(703)	(742)
Profit before taxation		743	651
Tax on profit	8	(17)	29
Profit for the financial year	19	726	680
Other comprehensive income			
Cash flow hedges gain/(loss) arising in the year		1,044	(211)
Tax relating to other comprehensive income		(64)	100
Total comprehensive income for the year		1,706	569

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

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

INTEGRATED CARE SOLUTIONS (SHROPSHIRE) HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Current assets					
Debtors falling due after more than one year	**13**	10,257		10,667	
Debtors falling due within one year	**13**	1,041		783	
Cash at bank and in hand		2,600		2,443	
		13,898		13,893	
Creditors: amounts falling due within one year	**14**	(2,909)		(2,356)	
Net current assets			10,989		11,537
Creditors: amounts falling due after more than one year	**15**		(12,195)		(13,872)
Net liabilities			(1,206)		(2,335)
Capital and reserves					
Called up share capital	**18**		50		50
Hedging reserve	**19**		(1,677)		(2,657)
Profit and loss reserves	**19**		421		272
Total equity			(1,206)		(2,335)

The financial statements were approved by the board of directors and authorised for issue on ....16/09/2022.. and are signed on its behalf by:

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H Holman

Director

INTEGRATED CARE SOLUTIONS (SHROPSHIRE) HOLDINGS LIMITED

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Investments	**10**		50		50
Capital and reserves					
Called up share capital	**18**		50		50

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £577,245 (2020 - £561,480 profit).

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

The financial statements were approved by the board of directors and authorised for issue on ..16/09/2022..... and are signed on its behalf by:

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H Holman
Director

Company Registration No. 05388869

INTEGRATED CARE SOLUTIONS (SHROPSHIRE) HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Hedging reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2020		50	(2,546)	153	(2,343)
Year ended 31 December 2020:					
Profit for the year		-	-	680	680
Other comprehensive income:					
Cash flow hedges gains arising in the year		-	(211)	-	(211)
Tax relating to other comprehensive income		-	100	-	100
Total comprehensive income for the year		-	(111)	680	569
Dividends	9	-	-	(561)	(561)
Balance at 31 December 2020		50	(2,657)	272	(2,335)
Year ended 31 December 2021:					
Profit for the year		-	-	726	726
Other comprehensive income:					
Cash flow hedges gains arising in the year		-	1,044	-	1,044
Tax relating to other comprehensive income		-	(64)	-	(64)
Total comprehensive income for the year		-	980	726	1,706
Dividends	9	-	-	(577)	(577)
Balance at 31 December 2021		50	(1,677)	421	(1,206)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 January 2020		50	-	50
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	561	561
Dividends	9	-	(561)	(561)
Balance at 31 December 2020		50	-	50
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	577	577
Dividends	9	-	(577)	(577)
Balance at 31 December 2021		50	-	50

INTEGRATED CARE SOLUTIONS (SHROPSHIRE) HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from operations	**21**		1,315		946
Interest paid			(703)		(742)
Income taxes paid			(366)		(118)
Net cash inflow from operating activities			246		86
Investing activities					
Interest received		1,008		1,038	
Net cash generated from investing activities			1,008		1,038
Financing activities					
Repayment of bank loans		(520)		(507)	
Dividends paid to equity shareholders		(577)		(561)	
Net cash used in financing activities			(1,097)		(1,068)
Net increase in cash and cash equivalents			157		56
Cash and cash equivalents at beginning of year			2,443		2,387
Cash and cash equivalents at end of year			2,600		2,443

1 Accounting policies

Company information

Integrated Care Solutions (Shropshire) Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 3rd Floor, South Building, 200 Aldersgate Street, London, EC1A 4HD.

The group consists of Integrated Care Solutions (Shropshire) Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The parent Company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent Company financial statements have been applied:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Service concession agreements — The Group entered into its service concession arrangement before the date of transition to this FRS. Therefore, its service concession arrangements have continued to be accounted for using the same accounting policies being applied at the date of transition to this FRS.

The principal accounting policies adopted are set out below.

1 Accounting policies **(Continued)**

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the parent company Integrated Care Solutions (Shropshire) Holdings Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Integrated Care Solutions (Shropshire) Limited has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Integrated Care Solutions (Shropshire) Limited for the period from its acquisition. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

The group profit and loss account and statement of cash flows also include the results and cash flows of Integrated Care Solutions (Shropshire) Limited for the period from its incorporation.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

1 Accounting policies **(Continued)**

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.3 Going concern

In light of the net liabilities of £1,206k (2020: £2,335k), including the fair value liability of the swap transaction of £2,236k (2020: £3,280k), the Directors have reviewed the Group's projected profits and cashflows by reference to a financial model, covering accounting periods up to September 2036. Having examined the current status of the Group's principal contracts and likely developments in the foreseeable future, the Directors consider that the Group will be able to settle its liabilities as the fall due and accordingly the financial statements have been prepared on a going concern basis of accounting in preparing the financial statements.

In the annual review of the Group's going concern, the Directors have considered the long term impact of the Covid-19 pandemic. Recent Government Procurement Policy Note sets out information and guidance for public bodies on payment of their suppliers to ensure service continuity during and after the current coronavirus, COVID-19, outbreak confirming that the suppliers will continue to be paid as normal. The Group has entered into long-term contracts with its customer and suppliers, and after careful review of these contracts the Directors are confident that the Group can operate as normal for the next twelve months. The Directors have committed to carrying out regular reviews of the Group's cash flows to monitor the ongoing situation.

1.4 Turnover

The Group is an operator of a PFI contract. The underlying asset is not deemed to be an asset of the Group under FRS 102, because the risks and rewards of ownership as set out in that Standard are deemed to lie principally with the authority.

During the construction phase of the project, all attributable expenditure was included in amounts recoverable on contracts and turnover. Upon being operational, the costs were transferred to the finance debtor. During the operational phase, income is allocated between interest receivable and the finance debtor using a project specific interest rate. The remainder of the PFI unitary charge income is included within turnover in accordance with FRS 102. The Group recognises income in respect of the services provided as it fulfils its contractual obligations in respect of those services and in line with the fair value of the consideration receivable in respect of those services.

Major maintenance costs are recognised on a contractual basis and the revenue in respect of these services is recognised when these services are performed.

1 Accounting policies **(Continued)**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies **(Continued)**

Other financial assets
Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial instruments not considered to be basic 'financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.8 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1 Accounting policies **(Continued)**

Hedge accounting

Derivative financial instruments designated as hedges of variable interest rate risk comprise of an interest rate swap.

To hedge the potential movement in the interest cash flows associated with the LIBOR rate used for the bank term loan, the Group has entered into floating to fixed interest rate swaps with a nominal value equal to the initial borrowings with the same term as the loans and interest payment dates. These result in the Group paying 4.805% per annum and receiving LIBOR.

The derivatives are accounted for as a cash flow hedge in accordance with FRS 102 and have the fair values as described within the notes. The cash flows arising from the interest rate swaps will continue until their maturity in 2033, coincidental with the repayment of the term loans. The change in fair value in the period was a decrease of £1,044,000 (2020: increase of £211,000) with the entire charge being recognised in other comprehensive income as the swaps were 100% effective.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

For derivatives that are designated and qualify as cash flow hedges, the effective portion of changes in the fair value of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Any gain or loss previously recognised in other comprehensive income is reclassified to profit or loss when the hedge relationship ends. This occurs when the hedging instrument expires or no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised, or the hedging instrument is terminated.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Life Cycle Costs

Costs relating to lifecycle expenditure are capitalised and expensed on the basis of a 30:70 ratio. This is based on the original profile modelled at financial close of spend on lifecycle costs.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Accounting for the service concession contract and finance debtors requires an estimation of service margins, finance debtors interest rates and associated amortisation profile which is based on forecasted results of the PFI contract.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Costs re-charged including mark up	1,830	1,824
Pass through income	147	155
	1,977	1,979

	2021	2020
	£	£
Other significant revenue		
Interest income	1,008	1,038

4 Auditor's remuneration

	2021	2020
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	7	7

5 Employees

There were no employees during the period under review (2020: £Nil)

	Group		Company	
	2021	2020	2021	2020
	Number	Number	Number	Number
Total	-	-	-	-

6 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	-	4
Other interest income	1,008	1,034
Total income	1,008	1,038

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	-	4

7 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	537	571
Interest payable to group undertakings	145	146
Other interest on financial liabilities	21	25
	703	742

8 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	141	124
Adjustments in respect of prior periods	(124)	(153)
Total current tax	17	(29)

8 Taxation (Continued)

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	743	651
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	141	124
Under/(over) provided in prior years	(124)	(153)
Taxation charge/(credit)	17	(29)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021 £	2020 £
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	64	(100)

9 Dividends

	2021 £	2020 £
Interim paid	577	561

Recognised as distribution to equitiy holder:

	2021 Per share Pence	2020 Per share Pence	2021 Total £	2020 Total £
Interim paid	1,154	1,122	577	561

10 Fixed asset investments

		Group		Company	
		2021	2020	2021	2020
	Notes	£	£	£	£
Investments in subsidiaries	11	-	-	50	50

Movements in fixed asset investments
Company

	Shares in subsidiaries
	£
Cost or valuation	
At 1 January 2021 and 31 December 2021	50
Carrying amount	
At 31 December 2021	50
At 31 December 2020	50

11 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Country of registration or incorporation	Nature of business
Integrated Care Solitions (Shropshire) Limited	United Kingdom	PFI contract operator

The subsidiary undertaking is wholly owned and the registered office address of Integrated Care Solutions (Shropshire) Limited is the same as that of the parent company. The principal activity of the subsidiary undertaking is that of PFI contract operator.

12 Financial instruments

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	2,236	3,280	-	-

12 Financial instruments **(Continued)**

Financial instruments measured at fair value
The fair value if interest rate based on broker quotes. Those quotes are tested for reasonableness by discounting estimated cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Hedge accounting
Derivative financial instruments designated as hedges of variable interest rate risk comprise of an interest rate swap.

To hedge the potential movement in the interest cash flows associated with the LIBOR rate used for the bank term loan described in note 16, the group has entered into floating to fixed interest rate swaps with a nominal value equal to the initial borrowings with the same term as the loans and interest payment dates. These result in the group paying 4.805% per annum and receiving LIBOR.

The derivatives are accounted for as a cash flow hedge in accordance with FRS 102 and have the fair values as described within the notes. The cash flows arising from the interest rate swaps will continue until their maturity in 2033, coincidental with the repayment of the term loans. The change in fair value in the period was a decrease of £1,044,000 (2020: increase of £211,000) with the entire charge being recognised in other comprehensive income as the swaps were 100% effective.

On 12th January 2022 the group signed agreements with the lender and SWAP provider to transfer the floating interest rate from LIBOR to SONIA. the SONIA rate will be determined five business days before the end of each calendar month. The transition will commence after the balance sheet date.

13 Debtors

	Group 2021	2020	Company 2021	2020
Amounts falling due within one year:	**£**	**£**	**£**	**£**
Trade debtors	12	-	-	-
Corporation tax recoverable	343	-	-	-
Other debtors	375	468	-	-
Prepayments and accrued income	311	315	-	-
	1,041	783	-	-
Amounts falling due after more than one year:				
Other debtors	9,698	10,044	-	-
Deferred tax asset (note 17)	559	623	-	-
	10,257	10,667	-	-
Total debtors	11,298	11,450	-	-

14 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	**16**	532	520	-	-
Trade creditors		266	46	-	-
Corporation tax payable		-	6	-	-
Other taxation and social security		110	103	-	-
Other creditors		37	38	-	-
Accruals and deferred income		1,964	1,643	-	-
		2,909	2,356	-	-

15 Creditors: amounts falling due after more than one year

		Group		Company	
		2021	2020	2021	2020
	Notes	£	£	£	£
Bank loans and overdrafts	16	8,640	9,172	-	-
Subordinated debt	16	1,319	1,319	-	-
Derivative financial instruments		2,236	3,280	-	-
Accruals and deferred income		-	101	-	-
		12,195	13,872	-	-

16 Loans and overdrafts

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans	9,172	9,692	-	-
Subordinated debt	1,319	1,319	-	-
	10,491	11,011	-	-
Payable within one year	532	520	-	-
Payable after one year	9,959	10,491	-	-

16 Loans and overdrafts (Continued)

Included within Bank loan is an amount repayable after five years of £6,352,000 (2020: £6,659,000) and included within subordinated debt are amounts repayable after five years of £1,319,000 (2020: £1,319,000) respectively.

There is one term loan facility drawn down at 31 December 2020. The tenure of the term loan from NIBC Bank NV was originally 30 years and is repayable in 60 semi-annual instalments commencing 30 September 2006. Interest charged on amounts drawn is based on LIBOR rate plus 1.0514%.

All amounts drawn under the facilities are secured by a fixed charge over all leasehold interests, book debts, project accounts and intellectual property of the company and by a floating charge over the Group's undertakings and assets.

An interest rate swap transaction has been entered into to hedge against movements in the interest rate.

Subordinated debt is unsecured with fixed rate of interest of 11% pa.

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Assets 2021	Assets 2020
Group	**£**	**£**
Revaluations	559	623

The company has no deferred tax assets or liabilities.

	Group 2021	Company 2021
Movements in the year:	**£**	**£**
Asset at 1 January 2021	(623)	-
Charge to other comprehensive income	64	-
Asset at 31 December 2021	(559)	-

17 Deferred taxation (Continued)

Deferred tax asset is recognised on the revaluation of the swap derivatives on both the RPI and interest rate swap held by the Group. These are accounted for under cash flow hedges.

Reversal of the deferred tax asset is shown through the cash flow hedge reserve.

18 Share capital

Group and company	2021	2020	2021	2020
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of £1 each	50,000	50,000	50	50

19 Reserves

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred, net of any deferred tax provided on this.

20 Controlling party

Equitix Healthcare Limited is the parent company of Integrated Care Solutions (Shropshire) Holdings Limited.

21 Cash generated from group operations

	2021	2020
	£	£
Profit for the year after tax	726	680
Adjustments for:		
Taxation charged/(credited)	17	(29)
Finance costs	703	742
Investment income	(1,008)	(1,038)
Movements in working capital:		
Decrease in debtors	431	374
Increase in creditors	446	217
Cash generated from operations	1,315	946

22 Analysis of changes in net debt - group

	1 January 2021	Cash flows	Market value movements	31 December 2021
	£	£	£	£
Cash at bank and in hand	2,443	157	-	2,600
Borrowings excluding overdrafts	(11,011)	520	-	(10,491)
Derivatives relating to debt	-	1,044	(1,044)	-
	(8,568)	1,721	(1,044)	(7,891)