Registration number: 05466033

HCRG Care Ltd

Annual Report and Financial Statements

for the Year Ended 31 March 2022

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COMPANIES HOUSE

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16 John Dalton Street
Manchester
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HCRG Care Ltd

Contents

HCRG Care Ltd

Company Information

Directors	D J Deitz T20 Pioneer Holdings Limited
Registered office	The Heath Business & Technical Park Runcorn Cheshire WA7 4QX
Registered number	05466033
Auditors	Saffrey Champness LLP Trinity 16 John Dalton Street Manchester M2 6HY

HCRG Care Ltd

Strategic Report for the Year Ended 31 March 2022

The Directors present their strategic report for the year ended 31 March 2022.

Principal activity
The principal activity of the company during the year was the provision of head office functions to other subsidiaries of the HCRG Care Group.

HCRG Care Group Holdings Ltd (HCGHL) is the parent company of the HCRG Care Group. Its subsidiary HCRG Care Group Ltd (HCGL) delivers back office functions on behalf of the HCRG Care Group and is the parent of HCRG Care Services Ltd (HCSL) which holds contracts with the NHS and local authorities and employs health and care professionals in order to undertake the provision of contracted services.

Business review

Turnover for the year ended 31 March 2022 increased to £22.3m (2021: £20.9m) as a result of an increase in management recharge revenue due to the increased proportion of expenditure that was recharged to other HCRG Care subsidiaries during the year. Additionally, the company made a profit before tax of £0.6m (2021: profit of £0.2m) as a result of an impairment charge and intercompany loans were written off.

HCRG Care Ltd no longer directly holds any contracts for the provision of services to the NHS and local authorities and is now focused on providing back-office functions to support contracts for the provision of services held by other parts of the HCRG Care Group.

As a result, all turnover for the year was derived from management recharge income in relation to the group support services detailed above.

Overall, the HCRG Care Group continued to make a significant improvement in its operating performance despite the COVID-19 pandemic and its impacts, in part through increased costs being offset by reductions in other areas, and due to the ongoing close management of budgets.

During the year, HCRG Care Group continued to save its NHS and Local Authority commissioners approximately 10% (2021: 10%) through the transformations it has undertaken, and the efficiencies provided. This saving is based upon comparison to the costs of the services prior to procurement by the HCRG Care Group and expected costs in the absence of such a procurement, where costs would be subject to national prices.

The group continues to bid for and deliver new and innovative contracts, the most substantive development in year being appointed as the provider for Southend, Essex and Thurrock Child and Mental Health Services (CAMHS) in partnership with the North East London Foundation Trust (NELFT), which started on 1st April 2022.

The group ended the year in a financially strong position to continue to deliver its business plan and forward growth strategy in 2022-23.

Operational priorities
The directors had identified four key operational priorities for the year ending 31 March 2022 which are summarised below:

Priority 1 - Ensuring service quality, safety and enhancing the user experience

The HCRG Care Group has continued to demonstrate the quality and safety of its services during inspections by regulators including the CQC (Care Quality Commission) and Ofsted.

The HCRG Care Group achieved 100% 'good' or 'outstanding' ratings for its inspected services during the year (consistent at 100% from 2020-21) representing the relatively mature status of a number of the Group's contracts and the successful delivery of transformation plans.

The HCRG Care Group continued to invest in new ways of working and systems to monitor service user satisfaction and to make improvements as a result of feedback. It is the Group's policy to make use of the NHS England Friends and Family Test to monitor satisfaction. The Group is pleased that 93% (2020-21: 93%) of those using the group's services said their experience of our service was good/very good'.

Finally, the organisation received 24,772 (2020-21: 13,605) completed Patient Reported Experience Measure (PREMS) surveys providing vital information which supports us in developing services to deliver a better experience.

Priority 2 - Robust governance: fostering safeguarding and quality assurance processes which are standardised across the business

The organisation continued to improve processes and governance and sought to assure the HCRG Care Group, commissioners and the public that appropriate measures are in place to provide safe, high quality services.

Over the year, the HCRG Care Group has continued its commitment to continually improving governance processes to assure itself that there are clear lines of accountability, that risks are proactively identified and managed and that the business remains compliant with regulatory standards.

Priority 3 - To continue to be recognised as an outstanding employer

The HCRG Care Group continued to develop its Employer Brand during the year, building on its purpose to 'change lives through transforming health and care'.

Throughout the year we continued to work closely with our internal training arm, The Learning Enterprise, to develop our training and development offer for all of our colleagues, and to provide links to NHS and other training programmes. This included continuing our apprenticeship programme which is delivered through The Learning Enterprise.

The HCRG Care Group also measured the satisfaction of its colleagues through its annual Have Your Say survey and was pleased to achieve an overall colleague engagement score of 74% in 2021-22 (2021: 74%). This score is competitive with engagement scores within the market.

Priority 4 - Delivering quality health and care services as efficiently as possible

The HCRG Care Group continued to focus on delivering high quality health and social care services as efficiently as possible in its existing and new contracts and to develop models and tools which facilitate that in future contracts too.

During the year, as noted above, the HCRG Care Group continued to invest in these tools and ways of working and continued to develop its expertise in service design and change management with a focus on clinical expertise.

Principal risks and uncertainties

The HCRG Care Group operates a Risk Management Framework in order to manage the risks and uncertainties of the business. The Executive Team reviews all high scoring risks and escalates the main risks to the Board for review at each meeting.

The major risks that could impact the business are as follows:

COVID-19 Pandemic
As detailed in the business review, the ongoing COVID-19 pandemic remains a risk as the future of the pandemic, and any potential restrictions or changes to operation of the health and care sector are uncertain.

The business has, however, demonstrated its response procedures have been robust and had minimal impact to the Group's financial performance and at the time of signing these accounts, expects this to continue. The impact on the ability of the business to retain existing and acquire new contracts is being monitored.

Planned legislative change
The 2022 Health and Care Act is expected to implement changes already articulated in the NHS Long Term Plan to move towards Integrated Care Systems (ICS) and for providers and commissioners to work more closely together. The organisation growth strategy already considers these new ways of working which were first outlined more than a year ago.

The changes to the procurement regime seek to ensure that procurement is used primarily as a tool to drive improvement by removing the automatic requirement to run a competitive tender process based on contract value. While this does present a risk to the business, the consultation acknowledged that the health and care sector has - in effect - already been operating on this basis for some years. In addition, the removal of the automatic need to procure is likely to be positive in allowing the group to retain contracts where services are demonstrably performing well for service users and communities.

Shortage of qualified professionals and the UK's departure from European Union
Across England, there are shortages in some key professionalisms which enhances the significant risk regarding the retention and recruitment of qualified professionals.

This is further compounded by regular changes to the Agenda for Change pay deal. The risk is mitigated in practice as national pay awards are routinely funded through changes to annual contract prices by reference to an NHS inflation adjustment (in NHS contracts) or through increases in the Public Health ring-fenced grant which are transferred to providers (in Local Authority contracts).

Short lead in time for new contracts
The HCRG Care Group continues to bid for large contracts which sometimes have short lead-in times. The directors must ensure the business has the resources and management processes in place to safely mobilise more than one large contract at a time.

The directors are satisfied that such matters are properly discussed by the Board and are adequately resourced.

Future developments
The continued provision of high-quality services and safety remains a top priority for 2022-23, as does retaining existing service contracts and growing sustainably in order to deliver the organisation's purpose: to change lives by transforming health and care. The Board has aligned on three strategic aims: transformation, growth and sustainability, underpinned by the following strategic priorities and objectives:

Delivery of Transformation
• Drive tangible quality outcomes to promote the success and impact of our transformational work

• Be a responsive provider, meet the expectations of our customers/stakeholders

• Empower leaders to drive a culture of transformation & change across the organisation

• Attract, retain and develop a high performing and sustainable workforce

Growth

• Continue to grow and retain key contracts in focused areas where we can make a difference

• Leverage existing market strength

• Diversify into non-public funded market segments

• Utilise mergers and acquisitions to supplement the growth plan and add strategic capabilities

Sustainable and efficient business

• Maintain financial sustainability

• Achieve internal efficiencies to deliver improved business results and effective processes

Section 172(1) statement
Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making; the Board of HCRG Care Group confirm that they have adhered to section 172 obligations and welcome the opportunity to demonstrate how this has been achieved in the financial year ending 31 March 2022.

The Directors have a number of ways in which they ensure that any decision made takes consideration of the long-term impact it may have, examples of which include:

Delegation of Authority

As detailed in the Wates Statement (https://www.hcrgcaregroup.com/legal-information/) the HCRG Care Group Board has a comprehensive framework for determining matters requiring Board review and approval and those day to day decisions delegated to employees, through the Scheme of Reservation and Delegation ("SORD"). During the 2020/21 financial year, decision-making processes were adapted to enable the organisation to be agile in its response to the pandemic and temporary changes were made to the SORD to allow this to be done in a controlled manner. Over the course of 2021/22 some of these changes were rolled back to reflect the gradual resumption of usual governance processes following the height of the pandemic and at the end of the 2021/22 financial year the SORD underwent a full review and update to give the Executive Committee and new Board improved oversight of new contracts and other significant financial commitments.

Strategic planning

On 1 December 2021, Virgin Care was acquired by Twenty20 Capital and rebranded as HCRG Care Group, bringing together the two organisations' strengths, capability and expertise in the health and care services sector. This transaction helps enable the business to develop additional services that enhance both the quality of provision and the value given back to health and care commissioners.

The organisational strategy is set by the Board and, as highlighted in the 'Wates Statement - principle 4', a 3-year strategy was approved in 2019-20. The strategy was broken down into annual critical projects and in 2020/21 an assessment was made to ensure that organisational focus was on addressing the issues brought up by the pandemic.

As some of the pressures of the pandemic have begun to ease over the 2021/22 financial year, we have been able to re-focus on our long-term strategy. Following the acquisition in December 2021 and subsequent rebranding as HCRG Care Group, the organisation has naturally entered a new phase. A revised three-year strategy was therefore approved at the very end of the 2021/22 financial year with a view to building upon what has already been developed whilst focusing on transformation, growth and efficiency as the company moves forward under its new ownership.

The Board ensures that the interests of employees are always at the forefront of deliberations. Examples of how employees are engaged and considered when making decisions are highlighted below.

Colleague engagement

Over the past year colleague engagement has remained fundamental to ensuring we focus on colleague wellness during another challenging year for health and social care staff across the country. We have ensured that colleagues feel they are being kept informed with regular updates from senior leadership, including a monthly video message from our Chairman, Stephen Collier.

In addition, throughout 2021/22 we held Ask Us Anything live virtual events which provided colleagues across the business with the opportunity to ask questions of the Executive team on any subject. We also held live chats on the Intranet to allow colleagues to ask other teams questions and discuss different topics, including apprenticeships, learning opportunities and infection prevention control.

We deliver more than 400 services across the country and our ability as an organisation to communicate with our thousands of frontline workers - many of whom are working on shifts 24 hours a day, seven days a week - has proved to be effective in helping our services remain adaptable.

We have continued to empower our colleagues to question and challenge and if there are concerns about something at work we encourage and support them to speak up. To make this as easy as possible we have Freedom to Speak up Guardians providing independent and impartial advice and an anonymous online reporting system.

We have continued to maintain and develop our wellness centre to provide help and support to colleagues; this is found on our intranet and includes information on tools, places and people that can be used to help colleagues manage their personal health and wellbeing, whether through face to face conversations, our online wellbeing platforms or through occupational health. In response to feedback from colleagues, at the start of the 21/22 financial year we also launched Wagestream, a financial wellbeing tool which allows colleagues to track, access, save and manage their finances as well as giving them access to a range of education tools to support them in managing their money well.

At the beginning of the 2021/22 financial year we carried out a Future Ways of Working survey to build a picture of how, when and where colleagues feel they do their best work so they can find a better balance between work, home, and other aspects of their life. Over the course of the year, we have taken steps to implement changes to support the results of that survey, creating new tools, policies and training to enable more flexible ways of working. These include encouraging teams to agree Working Together Agreements in which they can make mutual commitments about how they want to work together to support each other's wellbeing and maximise flexibility.

Rewarding and encouraging our colleagues' exceptional skills and efforts remains at the heart of our organisation. Despite ongoing challenges caused by the pandemic, we still held an annual colleague awards event, bringing colleagues together virtually to celebrate their successes.

We also recruited a panel of colleagues to allocate grants from our Innovation Fund, which provides money to colleagues for 'seed' funding for self-sustaining projects, or to purchase equipment or resources that will continue to make a difference over at least one year, from a £100,000 annual pot.

Objectives, appraisals and development

A rigorous approach is taken to objective setting and appraisals, ensuring all colleagues' objectives are linked to organisational objectives and that each and every colleague has the opportunity to talk about delivery of their objectives and their personal development twice a year. This year has been no different and there has been a focus on ensuring that colleagues have the opportunity to speak to their managers regularly.

Our employee engagement scores are measured by using the results of our Have Your Say survey each year. It is made up of 19 key statements that demonstrate how engaged our colleagues are with the organisation. The score itself is based on the percentage of respondents that 'agree' or 'strongly agree' with each of the 19 statements. In September 2021 we were pleased to maintain 2020's score of 74%, up from 69% in 2019, despite the challenges which have arisen as a result of the pandemic.

The Learning Enterprise (TLE) is HCRG Care Group's training and development arm, delivering clinical and non-clinical training and development programmes for health and care professionals. Over the course of the year TLE has supported the business in gradually moving away from the pandemic reliance on e-learning as other forms of training have become practicable once more. TLE has continued to deliver virtual classroom courses which are available to any organisation in the health and social care sector on topics in quality, safety, leadership and clinical training. A total of 2,675 virtual classroom sessions were offered with 15,848 colleagues attending.

After being inspected by Ofsted at the beginning of October, TLE were proud to secure an overall rating of Outstanding, with inspectors commending an approach which helps learners to "develop increased resilience, confidence and self-esteem."

The Directors regularly receive updates on a variety of topics that indicate and inform how customers, suppliers and other stakeholders have been engaged. These range from information provided from the HCRG Care Group's finance and procurement teams (in relation to suppliers and supplier contract management topics) to information provided by operational teams in relation to contract performance (concerning customer relationships).

As highlighted in the Wates Statement principle 6 (https://www.hcrgcaregroup.com/legal-information/), HCRG Care Group has a wide range of stakeholders who are key to delivering the strategy and providing first class care. Working in partnerships is not something new for HCRG Care Group - it is part of our DNA and over the past year maintaining our relationships with our stakeholders has been key to enabling us to continue to deliver effective and safe services and allowing us to support wider NHS and Social Care partners in continuing to deliver services. We send bulletins and newsletters to our key stakeholders (including Commissioners, partner organisations, MPs and councillors) advising of our latest news and any announcements as they happen. Below you will see examples of the exemplary work that has been undertaken across our services during the past year.

System Partners: Our Clinical Lead for Community and Specialist Nurses in Surrey worked with 20 community nursing team leaders across England on the Guiding Light programme for effective workplace cultures, commissioned by NHS England to capture and analyse the impact of Covid-19 on colleagues' working arrangements.

Service users: 'Family voice' - the voice of the child or young person and family - is integral to the Essex Business Unit's service delivery and is a standing agenda item within the service's monthly Service Performance and Quality Review meetings. Service user feedback is used to inform future service developments and delivery.

Local Authority Commissioners: In Wiltshire, the Children's Community Nursing team have worked working closely with Commissioners to provide an improved support package to service users and to ensure the needs of families are met. They have worked together with a medical equipment company to ensure specialist equipment items become standard stock, ensuring that all annual servicing and out of hours support for equipment can be provided directly in the home, making the service more convenient for families.

CQC and Ofsted: As a provider of health and social care, Care Quality Commission standards must be met. We run our own internal inspections and have robust online governance and reporting systems to monitor how services are doing. We work in a collaborative and transparent manner with our regulators to enable good service user outcomes and 100% of our services have been rated as good or outstanding with TLE also obtaining an outstanding assessment following its first full Ofsted inspection.

Care Homes and Commissioners: The Community Emergency Response Team in West Lancashire has been working with the Commissioning support unit and CCG to provide care to a number of discharged patients within care homes. They are trusted as to ensure safe and fast discharges, often providing additional support for the following 28 days within the home.

Local MPs and councillors: We reached out to key local MPs and councillors during 2021/22 to update them on our work and invite them to meet our managing directors and senior managers to find out more about what we do in their area. This resulted in a number of positive meetings.

Delivering high quality services for communities is what we do as an organisation. We are therefore very conscious of the impact we make in communities and understand the importance of focusing not just on the services we deliver, but also on the communities we serve. We don't have a one-size-fits-all approach; instead we tailor our services to each of the areas we work in, partnering with commissioners, colleagues and local people and organisations to deliver a unique service, based around the needs of the local community.

Examples of how we have still managed to do this over the past year include:

Over the last 12 months the West Lancashire Partnership has created the Provider Alliance Group (PAG), working as a coalition of system partners to develop clinical pathways and strengthen the support we can offer to the residents of West Lancashire. PAG has produced an Out of Hospital Services Surge Plan to identify and respond to pressures within services and ensure residents can continue to use local services rather than attending A&E. PAG also works with residents to define and agree the main priorities for development in the coming year.

The Family Nurse Partnership in Wiltshire has continued to progress its work on improving fathers' engagement with the programme and undertook a survey to record the number of fathers participating in the programme and to elicit their views on the enablers and barriers to their engagement with community services

The Green Plan: Climate change, air pollution and waste present enormous challenges to the country, to the world and to future generations. Our purpose is to change lives by transforming health and care and our Green Plan, which was first implemented in 2020, sets out how we make sure we will use resources efficiently to deliver high quality, safe and sustainable services over the next 5 years. A copy of the full plan is available on the company's website at www.hcrgcaregroup.com and copies of local action plans have been provided to the organisation's public sector commissioners.

In 21/22 we launched a Green campaign to engage colleagues in our Green Plan through a bespoke section on our Intranet which invited colleagues to play Green games, make a Green pledge and offer Green tips on a discussion board. Colleagues were also recruited to be Green Champions to help embed environmentally-friendly practices across the business.

Social mobility: It is vital that as a forward-thinking employer we ensure those from all backgrounds have equal access to healthcare. In Lancashire the Empowering Parents Empowering Communities (EPEC) programme successfully trained the first team of volunteers who are providing additional support to parents in Burnley. EPEC is designed to maximise parent engagement and outcomes. EPEC has a highly successful record of reaching parents experiencing social and economic disadvantage, social exclusion, and families form minority cultures and communities.

Apprenticeships:

We are proud of the continual high standard of training offered and delivered through TLE. Supporting our colleagues in their personal and professional development is a continual commitment.

We have a highly performing apprenticeship delivery team who support and develop the careers of our colleagues and, despite the ongoing challenges following the pandemic, we have seen 176 colleagues on apprenticeship programmes during the year and supported 53 apprentices in successfully completing their apprenticeship programme.

TLE's Outstanding Ofsted report gave highly positive feedback on the Apprenticeship Programme and inspectors were particularly impressed with how, through TLE training, apprentices were able to "demonstrate outstanding resilience to work and study while the pandemic" continued "to place additional pressures on the health and social care sector."

Below we have selected a few areas that demonstrate how we have maintained high standards of business conduct:

Commissioners

We work closely with our Commissioners and believe having strong relationships is fundamental to delivering high quality services. These relationships are built at bidding stage and continue all the way through the life of the contract. As demonstrated above, we have worked closely with our Commissioners over the past year to ensure we continued to deliver first class service, whilst also supporting other providers in their provision.

Information Governance

As a data controller we have a legal and ethical duty to keep the records we hold confidential. The confidentiality and security of information is very important to us. We take the utmost care when handling personal and confidential information and ensure that we have appropriate organisational and technical security measures in place to prevent unauthorised access, accidental damage, destruction or loss.

Examples of how we do this include: Induction and annual refresher Information Governance training of staff to understand their duty of confidentiality and their responsibilities regarding data security and confidentiality of patient and other personal data; annual completion and submission of the NHS Digital's Data Security and Protection Toolkit (DSPT); ensuring that data protection by design and default is built into our processes, completing due diligence and imposing contractual obligations on providers and persons working under our instruction.

Gender Pay

As a Board we are committed to closing the gender pay gap in our organisation, the current overall pay gap is 25.12% mean (8.7% median) and we have a number of measures in place to reduce this, including introducing 'blind CV's' to the process to eliminate unconscious bias in the shortlisting phase, continuing to develop and monitoring our Pay and Reward policy to include more guidance and practical support for ensuring fair and equitable pay. More information can be found on our website: https://www.hcrgcaregroup.com/legal-information/gender-pay-gap-report-2022/.

Modern slavery

In August 2022, the Board approved the annual Modern Slavery Act Statement. The statement can be found at: https://www.hcrgcaregroup.com/legal-information/modern-slavery-act/. HCRG Care Group is committed to observing high ethical standards and does this not only to comply with laws and regulations but because we want to earn and maintain the trust of our service users, colleagues and partners. We believe that success and reputation is not only dependent on the quality of the services we deliver, but also on the way we do business. We share the majority of our supply chain with the state-operated NHS, and all organisations supplying the NHS are subject to the NHS Code of Conduct on Ethics and Labour.

Our frontline teams are trained to appropriate levels in Safeguarding for their role, and this training - which is completed annually - includes material on identifying signs of modern slavery and human trafficking among the people who use the services we run.

At the beginning of the 21/22 year we also launched our brand new safeguarding training suite in response to new intercollegiate guidelines. Throughout the year the TLE team focused on ensuring all colleagues attended the newly expanded training offer and at the end of the 21/22 financial year 92% of colleagues had attended Level 1 training which includes a modern slavery e-learning package.

Our shareholders

As a private company we have a single shareholder who is represented with seats on the Board. All decisions made have due regard to all members of the company.

Approved and authorised by the Board on 21 December 2022 and signed on its behalf by:

....
D J Deitz
Director

HCRG Care Ltd

Directors' Report for the Year Ended 31 March 2022

The Directors present their report and the financial statements for the year ended 31 March 2022.

Change of Company name
The Company changed its name from Virgin Care Limited to HCRG Care Ltd effective from 6 December 2021.

Directors of the Company
The Directors who held office during the year were as follows:

V M McVey (ceased 15 July 2022)

D J Deitz

T20 Pioneer Holdings Limited (appointed 30 November 2021)

Principal activity
The principal activity of the Company during the year was the provision of head office functions to other subsidiaries of the HCRG Care Group.

Results and dividends
The profit for the year, after taxation, amounted to £1,921,000 (2021: profit of £2,271,000).

During the year no dividends were awarded (2021: £Nil).

Employment of disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The HCRG Care sub-group encourages employee involvement in its affairs. The HCRG Care Group produces a weekly electronic newsletter which keeps employees abreast of developments. Senior management within the HCRG Care Group meet regularly to review strategic developments and an annual event is held at which all staff can come together and share ideas.

Dialogue takes place regularly with employees' representatives on a wide range of issues. Employees are able to share in the HCRG Care Group's results through the employee bonus scheme.

Employee views are also sought through regular employee satisfaction questionnaires, both within business units and across the Group. Following such surveys, results are shared with employees and action plans are put in place to deal with issues arising.

The HCRG Care Group places considerable emphasis on the development of its employees through individual development plans, and training. The Learning Enterprise provides links to NHS and other external training programmes and gives all staff access to high quality, accredited training.

The HCRG Care Group annually runs the 'Stars of the Year' awards, which are peer nominated awards to recognise those staff who embody the core values of the business.

A talent management programme to focus on the identification and development of our high potential staff continued to operate during the year.

Environmental matters

We are conscious of our duty to use resources responsibly and to minimise any environmental impacts of our business activities. This is not only the right thing to do but has also been identified as an issue that our employees care about. We use leased facilities both in Hospitals, Offices and Medical facilities and incur transport expenditure operating several contracts.

We have a Green working group that will continue to look at opportunities to reduce our energy consumption.

We have clear objectives to reduce energy consumption and waste production within our office and medical environments.

The company has taken the exemption not to disclose its individual energy consumption and energy usage is included in the financial statements of HCRG Care Group Holdings Ltd.

Future developments

The company will continue to provide head office functions to group subsidiaries during 2022-23. As detailed in the strategic report, the wider HCRG Care Group will continue with the provision of high-quality medical services and safety remains a top priority for 2022-23.

Going concern

The directors have prepared the financial statements on the going concern basis for the reasons set out in note 2 to the financial statements.

Directors' liabilities

During the year, and at the date of signing this report, the Company maintained liability insurance and third-party indemnification provisions for its directors, under which the Company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company and any of its associated companies.

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditor, Saffery Champness LLP, were appointed during the year and will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

Approved and authorised by the Board on 21 December 2022 and signed on its behalf by:

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D J Deitz
Director

HCRG Care Ltd

Statement of Directors' Responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

HCRG Care Ltd

Independent Auditor's Report to the Members of HCRG Care Ltd

Opinion

We have audited the financial statements of HCRG Care Ltd (the 'Company') for the year ended 31 March 2022, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 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 auditor 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 Director's 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 original financial statements were authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent Auditor's Report to the Members of HCRG Care Ltd (continued)

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

Matters on which we are required to report by exception

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

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, 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 Statement of Directors' Responsibilities [set out on page 14], 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.

Auditor Responsibilities for the audit of the financial statements

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

Independent Auditor's Report to the Members of HCRG Care Ltd (continued)

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

Identifying and assessing risks related to irregularities:
We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, and UK Tax legislation. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, being those laws and regulations relating to health and safety, care and employee matters.

Audit response to risks identified:
We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

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

Independent Auditor's Report to the Members of HCRG Care Ltd (continued)

....
Simon Kite Bsc FCA (Senior Statutory Auditor)
For and on behalf of Saffrey Champness LLP

Chartered Accountants
Statutory Auditors

Trinity
16 John Dalton Street
Manchester
M2 6HY

Date: 21 December 2022

HCRG Care Ltd

Statement of Comprehensive Income for the Year Ended 31 March 2022

	Note	2022 £ 000	2021 £ 000
Turnover	3	22,353	20,888
Cost of sales		(18,088)	(20,207)
Gross profit		4,265	681
Administrative expenses		(4,431)	(2,325)
Operating loss		(166)	(1,644)
Income from shares in group undertakings		806	1,886
Other interest receivable and similar income	5	1	6
		807	1,892
Profit before tax		641	248
Tax on profit	9	1,280	2,023
Profit for the financial year		1,921	2,271
Other comprehensive income		-	-
Total comprehensive income for the year		1,921	2,271

The notes on pages 22 to 42 form an integral part of these financial statements.

HCRG Care Ltd

(Registration number: 05466033)
Statement of Financial Position as at 31 March 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Intangible assets	10	29	36
Tangible assets	11	446	230
Investments	12	197	454
		672	720
Current assets			
Stocks	13	-	9
Debtors	14	25,312	43,033
Cash at bank and in hand		1,068	627
		26,380	43,669
Creditors: Amounts falling due within one year	16	(124,329)	(143,765)
Net current liabilities		(97,949)	(100,096)
Total assets less current liabilities		(97,277)	(99,376)
Creditors: Amounts falling due after more than one year	16	(153)	-
Provisions for liabilities	17	(37)	(12)
Net liabilities		(97,467)	(99,388)
Capital and reserves			
Called up share capital		53,806	53,806
Retained earnings		(151,273)	(153,194)
Shareholders' deficit		(97,467)	(99,388)

Approved and authorised by the Board on 21 December 2022 and signed on its behalf by:

....

D J Deitz

Director

HCRG Care Ltd

Statement of Changes in Equity for the Year Ended 31 March 2022

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2021	53,806	(153,194)	(99,388)
Profit and total comprehensive expense for the year	-	1,921	1,921
At 31 March 2022	53,806	(151,273)	(97,467)

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2020	53,806	(155,465)	(101,659)
Profit and total comprehensive income for the year	-	2,271	2,271
At 31 March 2021	53,806	(153,194)	(99,388)

The notes on pages 22 to 42 form an integral part of these financial statements.

1 General information

These financial statements were authorised for issue by the Board on 21 December 2022.

HCRG Care Ltd (the "Company") is a private company limited by shares and is incorporated and domiciled in the England and Wales. The registered office is The Heath Business and Technical Park, Runcorn, Cheshire, United Kingdom QA7 4QX. The company's registered number can be found on the General Information page.

The Company was previously known as Virgin Care Limited.

2 Accounting policies

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

The Company transitioned to FRS 102 from FRS 101 effective 1 April 2020. Comparative figures have been amended to comply with FRS 102, further information can be found in Note 25.

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

The prior year financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006. .

Basis of preparation
These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value. The financial statements are presented in Pounds Sterling, which is the Company's functional and presentational currency.

Summary of disclosure exemptions
The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group.

The company has therefore taken advantage of exemptions from the following disclosure requirements:
• Section 7 'Statement of Cash Flows': Presentation of a statement of cash flows and related notes and disclosures;
• Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27,12.29(a), 12.29(b) and 12.29A;
• Section 26 'Share Based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
• Section 33 'Related Party Disclosures': Compensation for key management personnel

2 Accounting policies (continued)

Group accounts not prepared

The Company is exempt from preparing group accounts under s400 of FRS 102. The results of the Company and its subsidiaries are consolidated in the financial statements of HCRG Care Group Holdings Ltd, the immediate parent company. These accounts are available from Companies House, Crown Way, Cardiff, CH14 3UZ.

Going concern

The Company is part of the 'HCRG Care Group'. The Company's parent entity is T20 Pioneer Holdings Limited and is ultimately controlled by Twenty20 Capital Limited and IJMH Limited.

The Directors have prepared cash flow forecasts at a HCRG Care Group level to determine whether the entities within the control of HCRG Group Holdings Limited, the parent of the group, can continue as a going concern. It is the intention of the Directors to utilise funds across the HCRG Care Group as required, to ensure all entities can meet liabilities as they fall due.

The Directors have prepared HCRG Care Group cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the HCRG Care Group will have sufficient funds, generated from operations, to meet its liabilities as they fall due for that period. Reasonably possible downside scenarios include a no growth model where no additional contracts are won across the forecast period. In this scenario the HCRG Care sub-group has sufficient funds to operate as a going concern. The impact of COVID-19 including returning to normality has been considered within the forecasts made by the HCRG Care Group.

Given HCRG Care Ltd has a large shareholders deficit, its parent entity HCRG Care Group Holdings Ltd has indicated that it does not intend to seek repayment of these amounts for a period of 12 months from the date of the auditor's report. Therefore at the date of approval of the financial statements the directors have no reason to believe the company is not a going concern.

The Company is a cost centre for the HCRG Care Group and provides service to the rest of the group to allow them to operate. It is part of the group wide central cash pooling arrangement. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The directors have considered the intent of T20 Pioneer Holdings Limited to continue to support the business as a going concern and consider this to be the case.

2 Accounting policies (continued)

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 apparently from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to the relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on and 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.

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows.

Deferred tax asset
The company only recognises a deferred tax asset to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Following a period of restructuring, the company considers that future taxable profits can now be estimated more reliabily and is therefore recognising the losses in full.

Revenue recognition
The company recognises revenue from the provision of management services to group subsidiaries in respect of head office functions that the company performs.

Revenue from services is recognised by reference to the stage of completion of the contract determined by the value of the services provided at the balance sheet date as a proportion of the total value of the engagement. Where the amount of revenue is contingent on future events, this is only recognised wherethe amount of revenue can be measured reliably and it is probable that the economic benefits will be received. When this cannot be estimated reliably, revenue is only recognised to the value of the expenses that it is considered probable will be recovered, with a "catch-up" element of revenue recognised based on stage of completion once a reliable estimate can be made. Consultancy services provided to the client which at the balance sheet date have not been billed have been recognised as revenue and are included in debtors as accrued income.

2 Accounting policies (continued)

Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change 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 balance sheet date in the countries where the Company operated and generates income.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the balance sheet 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 balance sheet date.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Property, plant and equipment is stated at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

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

Asset class	Depreciation method and rate
Leasehold improvements	Straight-line over 5 years (or life of lease)
Fixtures & fittings	Straight-line over 3 years
Office equipment	Straight-line over 3 years
Computer equipment	Straight line over 3 years

2 Accounting policies (continued)

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 profit and loss account.

Intangible assets
Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Software has an estimated economic life of five years. It is amortised to the profit and loss account over its estimated economic life on a straight-line basis.

Investments
Investments held as fixed assets are shown at cost less provision for impairment. Investments in subsidiary undertakings are stated at cost less provision for impairment.

Under FRS 102, the investments in LLP's that are 50% owned are considered to be subsidiaries as the Company is deemed to exercise control over these entities.

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

Trade debtors
Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as fixed assets.

The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Stocks
Inventories are stated at the lower of cost and net realisable value.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

2 Accounting policies (continued)

Trade creditors

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

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised based on the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

Leases

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Finance lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Where the Company has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued and expensed in profit or loss as the 'wear and tear' occurs.

2 Accounting policies (continued)

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

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

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

3 Turnover

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2022 £ 000	2021 £ 000
Rendering of services	13	-
Management charge revenue	22,340	20,888
	22,353	20,888

All turnover arose within the United Kingdom.

4 Operating loss

Arrived at after charging/(crediting)

	2022 £ 000	2021 £ 000
Depreciation expense	219	133
Amortisation expense	37	1,073
Impairment reversal	(154)	-
Operating lease expense - property	519	-
Operating lease expense - plant and machinery	11	-
Operating lease expense - other	16	-

5 Other interest receivable and similar income

	2022 £ 000	2021 £ 000
Interest income on bank deposits	1	6

6 Staff costs

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

	2022 £ 000	2021 £ 000
Wages and salaries	15,268	12,336
Social security costs	1,633	1,252
Pension costs, defined contribution scheme	548	632
	17,449	14,220

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

	2022 No.	2021 No.
Registered	12	19
Non-registered	349	437
	361	456

Registered employees refer to our health and care professionals who are registered with a relevant professional governance body, such as the Nursing and Midwifery Council or General Medical Council.

7 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2022 £ 000	2021 £ 000
Remuneration	1,013	544
Contributions paid to money purchase schemes	20	67
	1,033	611

During the year the number of Directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Accruing benefits under money purchase pension scheme	2	2

In respect of the highest paid Director:

	2022 £ 000	2021 £ 000
Remuneration	621	417
Company contributions to money purchase pension schemes	13	13

8 Auditors' remuneration

	2022 £ 000	2021 £ 000
Audit of the financial statements	22	70

9 Taxation

Tax charged/(credited) in the

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	2,093	(2,023)
Deferred taxation		
Arising from origination and reversal of timing differences	(1,176)	-
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(2,197)	-
Total deferred taxation	(3,373)	-
Tax receipt in the income statement	(1,280)	(2,023)

9 Taxation (continued)

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

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	641	248
Corporation tax at standard rate	(55)	44
Non-taxable income	(182)	(407)
Expenses not deductible for tax purposes	197	599
Deferred tax recognised	(3,373)	-
Current year deferred income tax unrecognised	(118)	(439)
Tax decrease from effect of capital allowances and depreciation	(21)	-
Group relief for revised historical losses surrendered to group	2,094	(1,993)
Transfer pricing adjustments	178	173
Total tax credit	(1,280)	(2,023)

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. The deferred tax assets / liabilities at 31 March 2022 have been calculated at 25% (2021: 19%). In the 3 March 2021 Budget and confirmed in the Autumn Statement on 17 November 2022, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. In accordance with FRS 102, a deferred tax asset of £3,373,000 (2021: £nil) has been recognised, arising from tax losses and other timing differences.

Deferred tax

Deferred tax assets and liabilities

2022	Asset £ 000	Liability £ 000
Accelerated capital allowances	1,168	-
Losses	2,197	-
Short term timing differences	8	-
	3,373	-

10 Intangible assets

	Goodwill £ 000	Computer software £ 000	Total £ 000
Cost or valuation			
At 1 April 2021	102	6,820	6,922
Additions acquired separately	-	29	29
At 31 March 2022	102	6,849	6,951
Amortisation			
At 1 April 2021	102	6,784	6,886
Amortisation charge	-	36	36
At 31 March 2022	102	6,820	6,922
Carrying amount			
At 31 March 2022	-	29	29
At 31 March 2021	-	36	36

11 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Computer equipment £ 000	Office equipment £ 000	Total £ 000
Cost or valuation					
At 1 April 2021	424	7	1,367	252	2,050
Additions	-	-	435	-	435
At 31 March 2022	424	7	1,802	252	2,485
Depreciation					
At 1 April 2021	264	7	1,297	252	1,820
Charge for the year	128	-	91	-	219
At 31 March 2022	392	7	1,388	252	2,039
Carrying amount					
At 31 March 2022	32	-	414	-	446
At 31 March 2021	160	-	70	-	230

Included within the net book value of land and buildings above is £31,897 (2021 - £160,129) in respect of short leasehold land and buildings.

12 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 April 2021	5,985
Disposals	(4,666)
At 31 March 2022	1,319
Provision	
At 1 April 2021	5,531
Provision	256
Eliminated on disposals	(4,665)
At 31 March 2022	1,122
Carrying amount	
At 31 March 2022	197
At 31 March 2021	454

Joint ventures	£ 000
Cost	
At 1 April 2021	425
Provision	
At 1 April 2021	425
Carrying amount	
At 31 March 2022	-

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held 2022	2021
Subsidiary undertakings				
HCRG Care Services Ltd	The Heath Business and Technical Park*	Ordinary shares	100%	100%
HCRG Care Provider Services Ltd	The Heath Business and Technical Park*	Ordinary shares	100%	100%

12 Investments (continued)

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
HCRG Care Community Services Limited	The Heath Business and Technical Park*	Ordinary shares	100%	100%
HCRG Care Coventry LLP	The Heath Business and Technical Park*	N/A	100%	100%
HCRG Care East Riding LLP	The Heath Business and Technical Park*	N/A	100%	100%
HCRG Care Vertis LLP	The Heath Business and Technical Park*	N/A	100%	100%
HCRG Care Reading LLP	The Heath Business and Technical Park*	N/A	100%	100%
Joint ventures				
Peninsula Health LLP	The Heath Business and Technical Park*	N/A	50%	50%

*The full registered office address for all subsidiaries and the joint venture is The Heath Business and Technical Park, Runcorn, Cheshire, WA7 4QX.

Peninsula Health LLP is a subsidiary of HCRG Care Ltd, with the Company holding 50% and the remaining partnership members jointly owning the remaining 50%. However, the Company has established control over the entity.

All other LLPs are subsidiaries of HCRG Care Ltd, with the Company holding 99% and HCRG Care Services Limited holding 1%.

13 Stocks

	2022 £ 000	2021 £ 000
IT Stock and Medical Consumables	-	9

14 Debtors

Current	Note	2022 £ 000	2021 £ 000
Trade debtors		18	299
Other debtors		143	290
Prepayments and accrued income		21,778	40,421
Group relief receivable		-	2,023
Deferred tax assets	9	3,373	-
		25,312	43,033

Amounts owed by group undertakings are unsecured, have no fixed repayment date and are interest free.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

15 Cash and cash equivalents

	2022 £ 000	2021 £ 000
Cash at bank	1,068	627
Bank overdrafts	(1,110)	(1,131)
Cash and cash equivalents in statement of cash flows	(42)	(504)

16 Creditors

	Note	2022 £ 000	2021 £ 000
Due within one year			
Loans and borrowings	20	1,110	22,131
Trade creditors		2,053	1,113
Amounts due to related parties		117,475	115,578
Social security and other taxes		622	633
Other payables		181	117
Accruals		2,888	4,193
		124,329	143,765
Due after one year			
Loans and borrowings	20	153	-

16 Creditors (continued)

Amounts owed to group undertakings are unsecured, have no fixed repayment date and are interest free.

All other creditors are unsecured.

17 Provisions for liabilities

	Insurance provision £ 000	Property dilapidations £ 000	Total £ 000
At 1 April 2021	-	12	12
Additional provisions	25	-	25
At 31 March 2022	25	12	37

The property dilapidations provision relates to the companies contractual obligation to return leased properties back to their original condition at the end of the lease term. Management have calculated the provision for each property on a cost per square foot basis, using both historic and current property surveys as a guide for estimated dilapidations costs.

The insurance provision covers the estimated total gross exposure from potential claims.The maximum net exposure is limited to the reflected figure as insurance provided by a third party will cover any claims greater than the already recognised insurance excess.

18 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £547,821 (2021 - £631,442).

The assets of the scheme are held seperately from those of the Company in an independently administered fund.

19 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	53,806	53,806	53,806	53,806

20 Loans and borrowings

	2022 £ 000	2021 £ 000
Non-current loans and borrowings		
Finance lease liabilities	153	-

	2022 £ 000	2021 £ 000
Current loans and borrowings		
Bank overdrafts	1,110	1,131
Amounts owed to parent undertaking	-	21,000
	1,110	22,131

21 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2022 £ 000	2021 £ 000
Not later than one year	83	-
Later than one year and not later than five years	153	-
	236	-

Operating leases

The total of future minimum lease payments is as follows:

	2022 £ 000	2021 £ 000
Not later than one year	153	546
Later than one year and not later than five years	183	1,004
	336	1,550

The amount of non-cancellable operating lease payments recognised as an expense during the year was £Nil (2021 - £Nil).

22 Capital commitments

At 31 March 2022, the company has capital commitments of £Nil (2021: £790,000 in relation to the purchase of office equipment).

23 Contingent liabilities

At the date of signing the statutory accounts, the directors considered there to be no contingent liabilities (2021: £Nil).

The bank balances of the HCRG Care Group headed up by HCRG Care Group Holdings Ltd are pooled together on a group basis and swept into an overnight deposit account. Consequently, individual entity bank accounts may show an overdrawn position at any time, but overall the HCRG Care Group has the capacity to offset any positive cash balances against any negative cash balances and always maintains a net positive cash position across the HCRG Care Group as a whole, As a result, the HCRG Care Group has no requirement for a formal overdraft facility. This right of offset is underwritten by cross company guarantees (or otherwise known as credit insurance). Therefore, the arrangement is treated as an insurance contract and not a derivative. Subsequently, if indebtedness occurs with the HCRG Care Group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

24 Controlling party

The immediate parent company is HCRG Care Group Holdings Ltd (previously named Virgin Healthcare Holdings Limited), a company incorporated in the United Kingdom. The registered office is the Heath Business & Technical Park, Runcorn, Cheshire, WA7 4QX.

The ultimate parent companies are Twenty20 Capital Limited and IJMH Limited, both companies are incorporated in the United Kingdom.

The largest and smallest group in which the Company and group results are consolidated are those for Twenty20 Capital Investments Limited and HCRG Care Group Holdings Ltd respectively, both companies are registered in England and Wales. Copies of the group accounts of Twenty20 Capital Investments Limited and HCRG Care Group Holdings Ltd can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

In the prior year, the ultimate parent company was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands. The largest and smallest group in which the Company and group results were consolidated was Virgin Holdings Limited and Virgin UK Holdings Limited respectively, companies both registered in England and Wales. Copies of these accounts can be obtained from Companies House, Crown Way, Cardif, CF14 3UZ.

25 Transition to FRS 102

The Company was acquired by T20 Pioneer Holdings Limited on 30 November 2021, the parent company of T20 Pioneer Holdings Limited is Twenty20 Capital Investments Limited. The Company has elected to follow the same accounting standards as the other members of the 'Twenty20 Group' and therefore has transitioned to FRS 102.

The only impact on these financial statments and opening reserves is the reversal of leased assets capitalised under IFRS 16 Leases. The impact of this is shown in the following tables:

at 1 April 2020

	FRS 101 £ 000	Reclassification £ 000	Remeasurement £ 000	FRS 102 £ 000
Fixed assets	2,324	-	(643)	1,681
Current assets				
Debtors	68,605	-	46	68,651
Creditors: Amounts falling due within one year	(172,176)	-	185	(171,991)
Net current (liabilities)/assets	(103,571)	-	231	(103,340)
Total assets less current liabilities	(101,247)	-	(412)	(101,659)
Creditors: Amounts falling due after more than one year	(423)	-	423	-
Net (liabilities)/assets	(101,670)	-	11	(101,659)
Retained earnings	101,670	-	(11)	101,659
Total equity	101,670	-	(11)	101,659

25 Transition to FRS 102 (continued)

at 31 March 2021

	FRS 101 £ 000	Reclassification £ 000	Remeasurement £ 000	FRS 102 £ 000
Tangible fixed assets	2,131	-	(1,411)	720
Current assets				
Debtors	88,035	-	26	88,061
Creditors: Amounts falling due within one year	(188,675)	-	518	(188,157)
Net current (liabilities)/assets	(100,640)	-	544	(100,096)
Total assets less current liabilities	(98,509)	-	(867)	(99,376)
Creditors: Amounts falling due after more than one year	(893)	-	893	-
Provisions for liabilities	(12)	-	-	(12)
Net (liabilities)/assets	(99,414)	-	26	(99,388)
Called up share capital	(53,806)	-	-	(53,806)
Retained earnings	153,220	-	(26)	153,194
Total equity	99,414	-	(26)	99,388

25 Transition to FRS 102 (continued)

for the year ended 31 March 2021

	FRS 101 £ 000	Reclassification £ 000	Remeasurement £ 000	FRS 102 £ 000
Turnover	20,888	-	-	20,888
Cost of sales	(20,207)	-	-	(20,207)
Gross profit	681	-	-	681
Administrative expenses	(2,280)	-	(45)	(2,325)
Operating loss	(1,599)	-	(45)	(1,644)
Income from shares in group undertakings	1,886	-	-	1,886
Other interest receivable and similar income	6	-	-	6
Interest payable and similar expenses	(60)	-	60	-
	1,832	-	60	1,892
Profit before tax	233	-	15	248
Taxation	2,023	-	-	2,023
Profit for the financial year	2,256	-	15	2,271