Comfort Call Limited

Annual Report and Financial Statements

For the year ended 31 March 2021

Company number 05763279

Comfort Call Limited

Annual report and financial statements
for the year ended 31 March 2021

Contents

Page:

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J Thorburn-Muirhead
N Goodban
L Krige

Company Secretary
N Goodban

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Comfort Call Limited

Strategic report
for the year ended 31 March 2021

The directors present their strategic report together with the audited financial statements for Comfort Call Limited (the 'Company') for the year ended 31 March 2021.

Results and dividends

The results for the year ended 31 March 2021 are disclosed on page 13 and show a profit after taxation of £4,423k (2020: profit of £3,614k). No dividends have been paid or proposed in the year (2020: £nil).

Financial review

Turnover for the year amounted to £4,374k (2020: £49,981k) which resulted in an operating profit of £4,571k (2020: profit of £4,677k).

The Company's strategy remains unchanged, focusing on providing high quality and affordable care in a variety of settings adapted to service users' needs and preferences. Our priorities remain anchored on improving quality, investing in technology to enhance service delivery and in the ongoing training and support of our staff. Through these priorities we aim to meet the needs of our commissioners, the NHS and private paying clients.

At 31 March 2021 the Company had net assets of £27,584k (2020: £23,161k)

Impact of Covid-19

The primary FY21 trading impact of Covid-19 was a modest short-term reduction in volume as service users reduced their externally delivered care requirements, for instance as families stepped in during periods of furlough to cover care. Local Authority and NHS assessment processes (by which new packages of care are commissioned to the Group) were in some cases also disrupted by lockdown and the diversion of staffing resources; this meant a slowdown in new business referrals. These trends fluctuated through the year as lockdowns and infection levels evolved.

Throughout the year there were periods of higher staff absence due to infection rates and the need for self-isolation. Although this presented operational challenges, it did not negatively impact the Company's ability to maintain service given due to the reduction in volume and latent capacity in the care worker staff base. Those increased levels of absence, coupled with the temporary legislative withdrawal of statutory sick pay 'waiting days', resulted in an increase to Statutory Sick Pay costs and increased administrative costs.

At the outset of the pandemic the Company experienced a period of rapidly rising PPE cost coupled with new and enhanced PPE requirements. Supply was restricted as global demand and Government requisitioning of UK supply lines for NHS use disrupted the market. The Company quickly moved to source and procure large quantities of PPE from alternative suppliers. This action meant the supply of PPE did not impact on our ability to maintain safe service in the early stages of the pandemic before supplies were available through government initiatives.

The Company's liquidity position was not adversely impacted by Covid-19 due to quickly employed cash preservation measures including tighter management of payments. These included short-term HMRC payment deferrals (deferrals in Q1 FY21 were repaid fully in Q2 FY21). Some local authorities temporarily supported the Company's cash position through advance payments on invoices and, in a small group of cases, short-term liquidity loans which are all being repaid.

Whilst trading was adversely affected by lower volumes and increased costs caused by the pandemic, the impact was softened by the proactive measures taken by the Company and the support measures put in place for the social care sector generally by central government and local authorities. This support was specific and targeted in nature and came from the Covid-19 Response Fund deployed by central government and the Infection Control and other grants administered by local authorities, as well as the temporary measures and support offered by the majority of Local Authorities themselves. Where grant funding could not be utilised in accordance with the specific deployment criteria it was, and continues to be, repaid to the relevant Local Authorities.

Key performance indicators

The Company is focused on the quality of its service. The Company also continues to develop revenue growth at a sustainable gross margin, continuing expansion, and increasing its presence across the homecare market segments. FY21 average weekly chargeable hours decreased by 11.6% from prior year (2020: decreased by 5.0%) although the FY21 average masks a pattern of considerable change through the course of the pandemic with strongly recovering volumes in the second half of the year.

Principal risks and uncertainties

The Covid-19 pandemic realised a number of risks for the Company and enabled the Company to implement its mitigation strategy. The Company is also exposed to non-financial risks such as the loss of major contracts, a significant change in the market dynamic, legislative and regulatory risk and the loss of key people, and has taken suitable steps to prevent, reduce or mitigate as appropriate.

As outlined previously, the Covid-19 pandemic resulted in volume loss, increased PPE, statutory sick pay and administration costs, and in the early stages of the crisis supply-side shortages in IT equipment and PPE. It also triggered staffing challenges due to heightened absence. To date the majority of those risks have been mitigated through actions taken by the Company and, in financial terms, also through support made available to the sector through local and central government. Given the social value generated by the sector, its "key worker" status, and its central importance to the government pandemic response, the directors anticipate that similar levels of support will continue to be available in the future should the United Kingdom experience further spikes in Covid-19 cases.

In light of PPE supply chain disruption experienced to date, the Company has strengthened its capabilities with regards to sourcing PPE. The Company now maintains a central stock holding of PPE sufficient to support business continuity for several months as well as developed relationships with multiple suppliers.

Workforce motivation, fatigue and stress has also been of specific concern to the Company during the Covid-19 pandemic. A significant programme of additional communication and support has been established, keeping staff up-to-date with policy and guideline changes and by providing additional training. The Company strives to support staff motivation through many initiatives such as recognition programmes and sharing of positive news stories. A well-being programme, including the launch of a new Employee Assistance Programme was launched during the year.

Brexit was not considered a material direct risk to the performance of the business and has proven not to be. The biggest perceived risk was around changes to labour supply, specifically the availability and utilisation of European workers by other industries/competitors, potentially creating greater competition for our mainly UK-based care workers. During the pandemic, the labour market has in fact been more materially affected by the variously changing impacts of lockdown, furlough etc. and recruitment changes in other sectors such as hospitality and retail. In respect to Brexit supply chain risk, perceived exposure was isolated to PPE and the Company took steps to source buffer stocks to manage any short-term disruption. There has been no subsequent supply chain impact on the Company caused by Brexit.

The risk associated with the loss of major contracts is mitigated by virtue of a strong pipeline of new business opportunities to replace any contract losses. Additionally, the absence of undue reliance on any single contract which could potentially impact the overall performance of the Company, as well as the number of long-term and rolling contracts. The Company remains confident of retaining a very high proportion of existing business due for retender in the next 12 months and retender statistics over the last 5 years support that view.

Central government funding policy for social care is important to the Company. Whilst funding pressures continue to impact the sector the Company maintains strong pricing discipline through tender and retender activity thereby maintaining a financially viable portfolio. The Company also annually renegotiates prices with its customers to offset National Living Wage and other inflationary factors. Central and local government budgetary policy changes over the last 36-48 months have also steadily become more favourable through ring-fenced council tax precept allocations, reallocations from more discretionary areas of public expenditure in favour of social care, and separately allocated funding from the 'Improved Better Care Fund' (iBCF).

Principal risks and uncertainties (continued)

A clear political consensus exists to further increase social care funding and this consensus has been given added impetus by the Covid-19 pandemic. The clearly defined statutory obligations introduced by the Care Act 2014 allow limited scope for Local Authorities to exert greater tightening around care eligibility criteria.

The Company's customers expect and require high quality services and most of the Company's activities are regulated. The Company has a comprehensive and extensive quality management system. This includes a dedicated quality team which reports separately from the operational line; quality is reviewed throughout the monthly management reporting cycle, up to Board level; processes and systems are constantly reviewed for updates and improvements; there is a developed incident management system, escalating incidents and issues according to severity; the Company operates a risk-based scoring system to understand where issues may arise and quality metrics are reported through an organisation-wide IT system which tracks key quality KPIs by branch.

The Company takes its relationship with its Regulators extremely seriously in all areas in which it operates and seeks to maintain a responsible and responsive relationship with each regulator. The Company invests heavily in its Quality governance resources and is investing in new technology solutions which will further facilitate care quality assurance.

One of the Company's priorities remains to recruit, train and retain an appropriate number of carers and branch staff. At the same time this is also an area of competitive opportunity for the Company. The Company is an attractive employer within the sector, offering better career prospects than most other operators. The Company is also committed to paying competitive wages and supporting Local Authorities to maximise sector remuneration above National Living Wage where Local Authority charge rates allow. It has a robust recruitment and training process and is investing in initiatives to improve staff attraction and retention. This is an important area of continuous monitoring and improvement. The Company believes it has excellent training programmes and continues to invest for further development.

The Company is investing in and deploying innovative technology which it believes will make both carer and branch staff roles more rewarding and satisfying, further aiding retention.

The Company is always seeking people with the right skills and values to join the business. Following further headcount investment and operational restructuring in financial year 2021 the Company's staff base has never been more robust.

Section 172(1) statement
The directors act in good faith, to promote the success of the Company for the benefit of the members as a whole. Management focus on long-term strategies in order to deliver sustainable shareholder value having regard to the sometimes conflicting needs and priorities of key stakeholders.

Directors make their decisions within the context of medium and long-term strategies and shareholder expectations on investment return. The Company has a five-year strategic plan to further leverage its strong national branch network and buy and build capabilities in order to achieve both organic and acquisitive growth.

The competing needs of the various stakeholders of the Company are monitored and reviewed at management and Board level. Where conflicting needs arise, advice is sought from the wider management team and as necessary from the Company's external advisors. Through the careful balancing of stakeholder needs, the Company seeks to promote success for the long-term benefit of shareholders.

The directors consider the key stakeholders of the Company (in addition to the shareholders) to be its service users, service funders, employees, regulators, lending partners, suppliers and HMRC. Further details on how the Company manages its relationship with service funders, employees and regulators are provide in the principal risks and uncertainties section above. Statements of engagement with employees, customers and suppliers are included within the strategic report.

The Company takes its relationship with HMRC very seriously and seeks to maintain a responsible and responsive relationship with HMRC to ensure that the Company remains compliant with its taxation obligations. The Company publishes its tax strategy on its website which covers its approach to engaging with HMRC.

Future strategy

The outlook for financial year 2022 and beyond is positive, notwithstanding any further disruption due to Covid. With ever-increasing levels of vaccination, management expect the worst to be past and future impacts to be manageable especially after the experience gained in the last year. Management believe that a consequence of Covid-19 will be an increasing drive and preference for community care provided in people's own homes where their needs allow, rather than residential provision. This is due to the better cost efficiency this offers public sector finances, the increased visibility that social care received through Covid, and public perception of infection risks. The Company remains focused on maintaining a high-quality service, delivered through a valued and dedicated care worker workforce. Continued tender success, supported by the continued preference for at-home delivery will deliver new organic opportunities for the Company.

By order of the board

N Goodban
Director

22 October 2021

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 March 2021.

Principal activities and future developments

The principal activity of the Company is the provision of homecare services across England. These services include support to people over sixty-five years of age, as well as young adults and children with a broad range of needs including physical and sensory impairment, mental illness, learning disabilities and a range of other complex health needs. These services are typically delivered in the service users homes and/or administered in extra care scheme environments. No change in these activities is proposed.

Political and charitable donations

The Company made no donations during the year (2020: £nil).

Financial risk management

The Company utilises financial instruments coupled with a focus on best practise to effectively manage the financial risks associated with its underlying business and the financing of those activities. Due to the nature of the Company's business and its asset and liability base, the only financial risks that the directors consider relevant to the Company are price, credit and liquidity risk.

Price risk
Given the nature of the business in which the Company is engaged, it bears minimal risk of price inflation in the absence of any significant purchase obligations other than statutory national living wage increases.

Credit risk
The Company's exposure to credit risk is mitigated through its large customer base, minimal companywide credit exposure on any one customer contract, its focus on long-term customer relationships and active monitoring of the credit status of overdue customer accounts.

Liquidity risk
The Company manages liquidity risk by budgeting and forecasting cash flows in the short to medium term and monitoring working capital positions on a monthly basis. Long-term liquidity is assured through committed funding arrangements to meet foreseeable peak borrowing requirements.

Directors

The following served as directors during the year and up to the date of signing the financial statements:

J Thorburn-Muirhead	
N Goodban	
L Krige	(appointed 17 May 2021)

Directors' indemnities and insurance

The Company has indemnified its directors, by way of directors and officer's liability insurance, against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force at the date of approving the Report of the directors.

Going Concern

The Company had net assets of £27,584k at 31 March 2021 (2020; £23,161k) and net current assets of £26,370k (2020; £21,758k).

Going Concern (continued)

As the Group's cash, and convents is managed on a Group basis, the Directors of C&C Topco Limited have provided a letter of support to the Directors of the Company. The Directors of C&C Topco Limited have reviewed the Group's cash flow forecasts and trading budgets and have formed the view that the Group is operationally and financially robust and will generate sufficient cash to support the Company in its ongoing requirements for at least the next 12 months from the date of approval of these financial statements.

Despite the impact of Covid-19, which has been considered in the Group's modelling, the Group's cash flow forecasts continue to indicate strong cash generation which will be more than sufficient to meet all liabilities as they fall due. Those forecasts have been revisited regularly in FY21 and have been heavily sensitised to consider a number of potential scenarios which are more adverse than those experienced to date. These scenarios include further and more considerable volume reductions, further increased PPE costs, greater staff sickness levels and reduced financial support from local and central government.

On the basis of the above and the letter of support provided by C&C Topco Limited, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in the preparation of these financial statements.

Corporate governance report

No corporate governance code has been applied in the financial year for the reason that the Group already has a formal governance framework. The Group Board is responsible for setting the strategic aims and objectives for the Company, monitoring and reporting to its shareholders on performance against strategy, approving policy, and monitoring risk and corporate governance. There is a formal cycle for the development of annual business plans and of the medium and long-term strategy for the Group including the Company.

The Group Board meets formally every month during the year. Meetings have a formal agenda and papers are issued in advance. The Group Board is supported by the following committees/steering groups covering activities relevant for the Company:

- **Audit and risk committee;** Meets at least twice a year to assist the board in fulfilling its oversight responsibilities for statutory financial reporting and the system of risk management and internal control.
- **Remuneration Committee;** meets annually to discuss and approve payment of annual staff bonuses and to consider any requests for annual salary uplifts for the senior leadership team and/or material salary increases for the Company.
- **Investment Committee;** meets on an ad-hoc basis to discuss investment proposals, agree valuation parameters and sign-off any formal offer positions.

Employment Policy and Employee Engagement Statement

Employee engagement is fundamental to the Company's success. Regular meetings are held between management and employees across all levels of the organisation. Regular Company communications provide employees with relevant information, training and support.

Disabled employees

The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retaining of employees who become disabled whist employed by the Company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the Company.

Statement of engagement with customers and suppliers

Customers
The Company strives to provide a high quality service to both our service users and service funders which is delivered through the comprehensive and extensive quality management systems as well as the recruitment, retention and training processes which are designed to ensure our carers and branch staff are equipped to provide a high quality service. The Company consults regularly with its customers through surveys as well as feedback received through direct communication with our employees.

Suppliers
Our suppliers and landlords are fundamental to our ability to deliver care. The Company aims to develop open and honest business communication with key suppliers to ensure relationships are mutually beneficial.

Environmental awareness

The Company is committed to ensuring that the environmental consequences of its operations are minimised as far as practicable. As such the Company pursues the following objectives:

- Recycling of waste where possible;
- Conserving of energy and water; and
- Recycling of consumables (paper, card, ink cartridges).

The Company is part of the Group headed by C&C Topco Limited which includes all relevant carbon reporting disclosures in the consolidated financial statements, which includes the reporting relevant for the company, and as such the company has applied the exemption given in Companies Act 2006 not to present the disclosure in its individual financial statements.

Strategic report

The Company, and the Company, has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's strategic report information required by Large and Medium-sized Companies (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of a review of the business, its principal risks, financial risks and future developments.

Auditor

RSM UK Audit LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Disclosure of information to Auditor

For all the directors at the time this report was approved, the following applies:

a) so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

b) each director has taken all the steps that they ought to have taken as director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic report, directors report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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 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.

By order of the board

N Goodban
Director

22 October 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMFORT CALL LIMITED

Opinion

We have audited the financial statements of Comfort Call Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity 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 company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our 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 the audit:

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, 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'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.

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

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

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

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

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

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://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.

RSM UK Audit LLP

Richard King (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Suite A, 7th Floor
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Nottingham
NG1 5FS

25 October 2021

Comfort Call Limited

Statement of comprehensive income
for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	4	**49,374**	49,981
Cost of sales		**(40,985)**	(40,398)
Gross profit		**8,389**	9,583
Administrative expenses:			
Depreciation and amortisation		**(250)**	(254)
Other operating expenses		**(5,071)**	(4,652)
Other operating income		**1,503**	-
Profit on ordinary activities before taxation	6	**4,571**	4,677
Taxation	9	**(148)**	(1,063)
Profit for the financial year		**4,423**	3,614

Comfort Call Limited

Balance sheet
at 31 March 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Intangible assets	10		1,395		1,645
Current assets					
Debtors	11	34,226		29,944	
Cash at bank and in hand		26		14	
		34,252		29,958	
Creditors: amounts falling due within one year	12	(7,881)		(8,200)	
Net current assets			26,371		21,758
Total assets less current liabilities			27,766		23,403
Provisions for liabilities	13		(182)		(242)
Net assets			27,584		23,161
Capital and reserves					
Called up share capital	14		-		-
Share premium account			11		11
Profit and loss account			27,573		23,150
Total equity			27,584		23,161

The financial statements on pages 13 to 26 were approved by the Board of Directors and authorised for issue on 22 October 2021, and are signed on its behalf by:

N Goodban
Director

Company number 05763279

Comfort Call Limited

Statement of changes in equity
for the year ended 31 March 2021

	Called up Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 April 2019	-	11	19,536	19,547
Profit for the financial year	-	-	3,614	3,614
At 31 March 2020	**-**	**11**	**23,150**	**23,161**
Profit for the financial year	-	-	4,423	4,423
At 31 March 2021	**-**	**11**	**27,573**	**27,584**

1 **Corporate information**

Comfort Call Limited (the 'Company') operates as providers of domiciliary care services across the United Kingdom.

The Company is a private company limited by shares and is registered and domiciled in England. The address of its registered office is Cardinal House, Abbeyfield Court, Abbeyfield Road, Nottingham, England, NG7 2SZ.

2 **Statement of compliance**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"", including the adoption of the amendments issued in December 2017, ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 financial statements have been prepared under the historical cost convention.

3 **Summary of significant accounting policies**

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.

Critical accounting judgements and estimation uncertainty
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Key sources of estimation uncertainty:
- Determining the fair value of assets and liabilities acquired in business combinations and any contingent consideration payable in the future; and
- Determining the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers various factors, including the ageing profile of the debtor and historical experience.

Key areas of judgement:
- Determine whether there are indicators of impairment of the Company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit; and

New standards
No new accounting standards, or amendments to accounting standards that are effective for the year ended 31 March 2021, have had a material impact on the Company.

Exemptions of qualifying entities under FRS 102
FRS 102 allows qualifying entities certain disclosure exemptions, subject to certain conditions, which have been complied with.

3 Summary of significant accounting policies *(continued)*

Exemptions of qualifying entities under FRS 102 *(continued)*
The Company has taken advantage of the exemptions set out below on the basis that it is a qualifying entity since its results are included in the consolidated financial statements of C&C Topco Limited which are available from Cardinal House, Abbeyfield Court, Abbeyfield Road, Nottingham, England, NG7 2SZ.

- Section 7 – Statement of cashflows;
- Section 11 – Financial instruments (paragraphs 11.39 to 11.48A);
- Section 12 – Other financial instruments (paragraphs 12.26 to 12.29);
- Section 33 – Related party disclosures and key management personnel (paragraph 33.7).

Going Concern
The Company had net assets of £27,584k at 31 March 2021 (2020; £23,161k) and net current assets of £26,370k (2020; £21,758k).

As the Group's cash, and convents is managed on a Group basis, the Directors of C&C Topco Limited have provided a letter of support to the Directors of the Company. The Directors of C&C Topco Limited have reviewed the Group's cash flow forecasts and trading budgets and have formed the view that the Group is operationally and financially robust and will generate sufficient cash to support the Company in its ongoing requirements for at least the next 12 months from the date of approval of these financial statements.

Despite the impact of Covid-19, which has been considered in the Group's modelling, the Group's cash flow forecasts continue to indicate strong cash generation which will be more than sufficient to meet all liabilities as they fall due. Those forecasts have been revisited regularly in FY21 and have been heavily sensitised to consider a number of potential scenarios which are more adverse than those experienced to date. These scenarios include further and more considerable volume reductions, further increased PPE costs, greater staff sickness levels and reduced financial support from local and central government.

On the basis of the above and the letter of support provided by C&C Topco Limited, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in the preparation of these financial statements.

Turnover
Turnover represents the amounts receivable from the provision of domiciliary care services. Turnover is stated net of value added tax and is recognised in the profit and loss account when the service is provided to the customer.

Government grants
Income from government grants is presented within other operating income. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Grants are recognised as income when the associated performance conditions are met.

Employee benefits
The Company provides a range of benefits to employees including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short-term benefits
Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as expenses in the period in which the service is received.

3 Summary of significant accounting policies *(continued)*

Employee benefits *(continued)*
(ii) Pension plans
Amounts charged to the profit and loss account in respect of pension costs represents the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments.

(iii) Annual bonus plan
The Company operates an annual bonus plan for certain employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

Current and deferred taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that tax attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the country where the Company operates and generates taxable income.

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

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

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

Business combinations and goodwill
Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at its estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination. Transaction fees associated with the business combination if identified are capitalised as part of the investment.

On acquisition of a business, fair values are attributed to the identifiable assets and liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Company's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination. Goodwill is amortised over its expected useful life of 5-10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account.

3 Summary of significant accounting policies *(continued)*

Business combinations and goodwill *(continued)*
Where the cost of the business combination exceeds the fair value of the Company's interest in the assets, liabilities and contingent liabilities acquired, negative goodwill arises. The Company, after consideration of the assets, liabilities and contingent liabilities acquired and the cost of the combination, recognises negative goodwill on the balance sheet and releases this to the profit and loss account, up to the fair value of the non-monetary assets acquired, over the periods in which the non-monetary assets are recovered and any excess over the fair value of the non-monetary assets in the profit and loss account over the period expected to benefit.

Intangible assets (other than goodwill)
Intangible assets are stated at deemed cost which is the same as historical cost less accumulated amortisation and accumulated impairment at the date of transition to FRS 102, plus subsequent costs of additions less subsequent amortisation. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Customer contracts	5 to 10 years
Brands	5 to 10 years

Amortisation is charged to operating costs in the profit and loss account. Where factors indicate that the useful life has changed, the amortisation rate is amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if factors indicate that the carrying amount may be impaired.

Tangible fixed assets
Tangible fixed assets are stated at deemed cost which is the same as historical cost less accumulated depreciation and any accumulated impairment losses at the date of transition to FRS 102, plus subsequent costs of additions less subsequent depreciation. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Motor vehicles	5 years
Computer equipment	5 years
Fixtures, fittings and equipment	5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, 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 within 'other operating expenses' in the profit and loss account.

Impairment of fixed assets and goodwill
Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

3 Summary of significant accounting policies *(continued)*

Leased assets
All leases are treated as operating leases and their annual rents are charged to the profit or loss account on a straight-line basis over the term of the lease.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held at call with banks.

Holiday pay accrual
A liability is recognised to the extent of any unused holiday pay entitlement which has 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.

Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Financial instruments
Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets
Basic financial assets, including trade and other receivables, cash and bank balances and amounts due from group undertakings, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 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. Financial assets are derecognised when (a) the contractual rights to the cash flow from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities
Basic financial liabilities, including trade and other payables and amounts due from group undertakings, 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 receipts discounted at a market rate of interest.

Trade payables 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 payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3 Summary of significant accounting policies *(continued)*

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Share capital
Ordinary shares are classified as equity.

4 Turnover

	2021 £'000	2020 £'000
Analysis by class of business		
Domiciliary Care – Home Care Services	**38,505**	38,716
Domiciliary Care – Extra Care Schemes	**10,869**	11,265
	49,374	49,981

Turnover arose entirely in the United Kingdom.

5 Auditor remuneration

During the year the Company obtained the following services from its auditors RSM UK Audit LLP as detailed below:

	2021 £'000	2020 £'000
Fees payable for the audit of the financial statements	**31**	30

Fees payable for the audit of the financial statements are an allocation of the total audit fee for the Group headed by C&C Topco Limited.

6 Profit on ordinary activities before interest and taxation

This is stated after charging:	2021 £'000	2020 £'000
Depreciation of tangible fixed assets	**-**	4
Amortisation of intangible assets	**186**	250
Operating lease costs – land and buildings	**308**	296
Other operating income – government grants	**1,503**	-

Government grants
The profit before taxation is stated after recognising other income in relation to the following government grants:

- £272k (2020: nil) relating to amounts claimed from the Coronavirus Job Retention Scheme for clinically extremely vulnerable employees who were placed on furlough during the year. That grant funding has been entirely offset as a pass through to staff through wage and salary payments.
- £1,231k (2020: nil) relating to amounts received from the Adult Social Care Infection Control Fund and similar funding initiatives. That funding was utilised to contribute towards incremental Covid-19 costs incurred to put in place measures to reduce the risk of Covid-19 transmission.

7 Staff costs

	2021 £'000	2020 £'000
Wages and salaries	**35,060**	36,597
Social security costs	**2,285**	2,290
Pension costs	**527**	540
	37,872	39,427

The pension cost charge represents contributions payable by the Company for auto-enrolment schemes. Contributions amounting to £3,993 (2020: £56,165) are included in other creditors at the year end.

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

	2021 Number	2020 Number
Branch management and administration	**131**	139
Care and support workers (full and part-time)	**2,264**	2,482
	2,395	2,621

8 Directors' remuneration

The directors who served during the year are also directors of other undertakings within the Group and their remuneration is included in the financial statements of C&C Topco Limited. No emoluments were paid to the directors for their services to the Company.

9 Tax charge on profit on ordinary activities

(a) The taxation charge is made up as follows:

	2021 £'000	2020 £'000
Current tax		
UK corporation tax at 19%	**899**	921
Adjustments to previous periods	**(721)**	212
Total current tax	**178**	1,133
Deferred tax		
Origination and reversal of timing differences	**(29)**	(8)
Adjustments to previous periods	**(1)**	(62)
Total deferred tax (note 13)	**(30)**	(70)
Tax charge on profit on ordinary activities	**148**	1,063

(b) Factors affecting tax charge for the year:

The tax assessed for the year is lower (2020: higher) than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	**4,571**	4,677
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	**868**	889
Effects of:		
Expenses not deductible for tax purposes	**2**	32
Adjustments to previous periods	**(722)**	150
Other differences leading to decrease in taxation	**-**	(8)
Total tax charge for year	**148**	1,063

9 Tax charge on profit on ordinary activities *(continued)*

(c) *Factors that may affect future taxation:*

In the Budget on 3 March 2021, the Chancellor announced that the standard rate of UK Corporation Tax will increase to 25% from 1 April 2023. The deferred tax assets and liabilities at the balance sheet date are calculated at the substantively enacted rate of 19%.

10 Intangible assets

	Customer contracts £'000	Brand £'000	Goodwill £'000	Negative goodwill £'000	Total £'000
Cost					
At 1 April 2020	1,272	73	1,247	(123)	2,469
At 31 March 2021	**1,272**	**73**	**1,247**	**(123)**	**2,469**
Amortisation					
At 1 April 2020	431	55	461	(123)	824
Provided during the year	123	15	112	-	250
At 31 March 2021	**554**	**70**	**573**	**(123)**	**1,074**
Net book value					
At 31 March 2021	**718**	**3**	**674**	**-**	**1,395**
At 31 March 2020	841	18	786	-	1,645

11 Debtors

	2021 £'000	2020 £'000
Trade debtors	**2,950**	2,224
Amounts owed by group undertakings	**29,045**	24,524
Other debtors	**12**	16
Prepayments and accrued income	**2,118**	3,180
Corporation tax recoverable	**101**	-
	34,226	29,944

All amounts shown under debtors fall due for payment within one year. Amounts owed by group undertakings are unsecured, have no fixed date of repayment and bear no interest.

12 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	**159**	343
Amounts owed to group undertakings	**3,902**	3,078
Corporation tax payable	**-**	1,864
Taxation and social security	**255**	598
Other creditors	**67**	42
Accruals and deferred income	**3,498**	2,275
	7,881	8,200

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

13 Provisions for liabilities and charges

	Deferred Tax	Dilapidations £'000	Total £'000
At 1 April 2020	62	180	242
Released to the profit and loss account	(30)	(30)	(60)
At 31 March 2021	**32**	**150**	**182**

Dilapidations provisions

Provision for dilapidations relates to unoccupied properties held by the Company under operating leases. The provision recognised represents the lease cost of exiting the contract offset by any benefits expected to be received.

Deferred taxation

The deferred tax liability is made up as follows:

	2021 £'000	2020 £'000
Business combinations	**32**	62

The deferred tax liability primarily relates to temporary timing differences on customer contracts and brand acquired through business combinations. These balances are expected to reverse over the useful economic life of the customer contract and brand to which they relate (5 – 10 years) in line with the respective amortisation charge.

14 Called up share capital

	2021 £	2020 £
Allotted, called up and fully paid:		
50 A ordinary shares of £1 each	**50**	50
50 B ordinary shares of £1 each	**50**	50
50 C ordinary shares of £1 each	**50**	50
	150	150

A ordinary, B ordinary and C ordinary shares all have full voting rights and all rank pari passu with all other shares of the Company in respect of dividend payments and return of capital.

15 Capital commitments and contingent liabilities

There are no material capital commitments (2020: £nil).

The borrowings of C&C Topco Limited are secured on the assets of the Company and guaranteed by fellow members of the Group. At 31 March 2021, Group borrowings amounted to £181.9m (2020: £94.6m).

16 Commitments under operating leases

The Company had minimum lease payments under non-cancellable operating leases as set out below:

	2021 £'000	2020 £'000
Not later than 1 year	**153**	368
Later than 1 year and not later than 5 years	**183**	199
	336	567

17 Ultimate controlling party

The Company is a subsidiary of City and County Healthcare Group Limited, a company incorporated in England and Wales.

The only group in which the results of Comfort Call Limited are consolidated is that headed by C&C Topco Limited, a company incorporated in England and Wales. Consolidated financial statements are available to the public and may be obtained from its registered office at Cardinal House, Abbeyfield Court, Abbeyfield Road, Nottingham, NG7 2SZ.

At 31 March 2021, the majority of the equity shareholding of C&C Topco Limited were held by Summit Partners Growth Equity Fund X, a series of limited liability partnerships. Accordingly, the directors believe there is no ultimate controlling party.