

Company Registration No. 06902547 (England and Wales)

**CARETECH INTERNATIONAL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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# CARETECH INTERNATIONAL LIMITED

## COMPANY INFORMATION

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**Directors**

F Sheikh  
H Sheikh  
S Akbar  
C K Dickinson  
H Sheikh

**Company number**

06902547

**Registered office**

5th Floor  
Metropolitan House  
3 Darkes Lane  
Potters Bar  
Hertfordshire  
EN6 1AG

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# CARETECH INTERNATIONAL LIMITED

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# CARETECH INTERNATIONAL LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2021

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The directors present their annual report and financial statements for the year ended 30 September 2021.

#### **Principal activities**

The principal activity was that of provision of a range of specialist care and support services to people in the community.

#### **Results and dividends**

The results for the year are set out on page 2.

#### **Strategic report exemption**

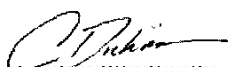
The company has taken advantage of the small companies exemption under S414B of the Companies Act 2006 from the requirement to prepare a strategic report.

#### **Directors**

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

F Sheikh  
H Sheikh  
S Akbar  
C K Dickinson  
H Sheikh

On behalf of the board



C K Dickinson  
**Director**

Date: 29 July 2022

# CARETECH INTERNATIONAL LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2021

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	Notes	2021 £'000	2020 £'000
Administrative expenses		(55)	(52)
Tax on loss	6	(37)	10
		<hr/>	<hr/>
<b>Loss and total comprehensive income for the financial year</b>		<b>(92)</b>	<b>(42)</b>
		<hr/>	<hr/>

The income statement has been prepared on the basis that all operations are continuing operations.

# CARETECH INTERNATIONAL LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	Notes	2021 £'000	2020 £'000
<b>Non-current assets</b>			
Property, plant and equipment	7	386	440
<b>Current assets</b>			
Trade and other receivables	9	223	166
Deferred tax asset	11	-	10
		223	176
<b>Current liabilities</b>			
Trade and other payables	10	58	-
<b>Net current assets</b>		165	176
<b>Total assets less current liabilities</b>		551	616
<b>Provisions for liabilities</b>			
Deferred tax liabilities	11	27	-
<b>Net assets</b>		524	616
<b>Equity</b>			
Called up share capital	13	-	-
Share premium account	12	500	500
Retained earnings		24	116
<b>Total equity</b>		524	616

For the financial year ended 30 September 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

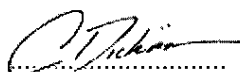
# CARETECH INTERNATIONAL LIMITED

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

**AS AT 30 SEPTEMBER 2021**

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The financial statements were approved by the board of directors and authorised for issue on 29 July 2022  
and are signed on its behalf by:



C K Dickinson

**Director**

**Company Registration No. 06902547**

# CARETECH INTERNATIONAL LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 October 2019</b>	-	500	158	658
<b>Year ended 30 September 2020:</b>				
Loss and total comprehensive income for the year	-	-	(42)	(42)
<b>Balance at 30 September 2020</b>	-	500	116	616
<b>Year ended 30 September 2021:</b>				
Loss and total comprehensive income for the year	-	-	(92)	(92)
<b>Balance at 30 September 2021</b>	-	500	24	524



# CARETECH INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 1 Accounting policies

##### Company information

Caretech International Limited is a private company limited by shares incorporated in England and Wales. The registered office is 5th Floor, Metropolitan House, 3 Darkes Lane, Potters Bar, Hertfordshire, EN6 1AG. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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 on the historical cost basis except that certain financial instruments are stated at their fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of its ultimate parent company, CareTech Holdings PLC in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of CareTech Holdings PLC. The group accounts of CareTech Holdings PLC are available to the public and can be obtained as set out in note 14.

# CARETECH INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Revenue

Revenue in respect of the provision of care services is measured as the fair value of fee income received or receivable in respect of the services provided and is recognised in respect of the care that has been provided in the relevant period. Any additional services provided by the group are recognised on provision of the service. Fostering revenue is recognised on the basis of the daily placements made with a full day's revenue recognised for every night a placement is with a foster carer.

Revenue in respect of learning services is directly linked to specific achievements, and milestones reached by apprentices at which point the funding from the Skills Funding Agency is receivable. A corresponding balance is recognised in receivables.

Revenue which has been invoiced but irrecoverable is treated as a bad debt expense. Revenue invoiced in advance is included in deferred income until the service is provided. Revenue is recognised net of VAT and credit notes.

#### 1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	15% Straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

#### 1.5 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# CARETECH INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

#### 1.7 Cash and cash equivalents

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

#### 1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

#### **Financial assets at fair value through profit or loss**

Financial assets are classified as at FVTPL when the financial asset is held for trading. This is the case if:

- the asset has been acquired principally for the purpose of selling in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Interest and dividends are included in 'Investment income' and gains and losses on remeasurement included in 'other gains and losses' in the statement of comprehensive income.

# CARETECH INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 1 Accounting policies

(Continued)

#### **Financial assets held at amortised cost**

Financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held to maturity investments.

Held to maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### **Financial assets at fair value through other comprehensive income**

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

Financial assets classified as available for sale are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. Where an AFS financial asset is disposed of or determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

Dividends and interest earned on AFS financial assets are included in the investment income line item in the statement of comprehensive income.

#### **Impairment of financial assets**

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

# CARETECH INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 1 Accounting policies

(Continued)

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.9 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

##### ***Financial liabilities at fair value through profit or loss***

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

##### ***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### ***Derecognition of financial liabilities***

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

#### 1.10 Equity instruments

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

#### 1.11 Taxation

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

##### ***Current tax***

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

# CARETECH INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 1 Accounting policies

(Continued)

##### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

#### 2 Adoption of new and revised standards and changes in accounting policies

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and these have not been applied early by the Group. Management anticipates that the following pronouncements relevant to the Group's operation will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement, once adopted by the EU:

Title	Subject	Effective date per standard
Amendment to IFRS 16 'Leases' COVID-19 – Related Rent Concessions beyond 30 June 2021	COVID-19 – Related Rent Concessions	1 April 2021 per IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021 per IASB
IFRS 17	Insurance Contracts	1 January 2023 per IASB
Amendments to IFRS 10 and IAS 28 (Sept 2014)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed

The Directors expect that the adoption of the standards listed above will not have a material impact on the financial information of the Group in future reporting periods.

# CARETECH INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 3 Critical accounting estimates and judgements

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

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

The directors consider that there are no estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

#### 4 Operating loss

	2021 £'000	2020 £'000
Operating loss for the year is stated after charging/(crediting):		
Depreciation of property, plant and equipment	54	52
	<u>      </u>	<u>      </u>

#### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	-	-
	<u>      </u>	<u>      </u>

None of the directors received any emoluments for their services to the company during the year (2020: none).

The number of directors to whom pensions contributions are accruing is nil (2020: nil).

# CARETECH INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 6 Taxation

	2021 £'000	2020 £'000
<b>Deferred tax</b>		
Origination and reversal of temporary differences	37	(10)

The charge for the year can be reconciled to the loss per the income statement as follows:

	2021 £'000	2020 £'000
Loss before taxation	(55)	(52)
Expected tax credit based on a corporation tax rate of 19.00% (2020: 19.00%)	(10)	(10)
Effect of expenses not deductible in determining taxable profit	10	-
Deferred tax adjustments in respect of prior years	37	-
<b>Taxation charge/(credit) for the year</b>	<b>37</b>	<b>(10)</b>

### 7 Property, plant and equipment

	Fixtures and fittings £'000
<b>Cost</b>	
At 30 September 2020	527
At 30 September 2021	527
<b>Accumulated depreciation and impairment</b>	
At 30 September 2020	87
Charge for the year	54
At 30 September 2021	141
<b>Carrying amount</b>	
At 30 September 2021	386
At 30 September 2020	440



# CARETECH INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 8 Subsidiaries

Details of the company's subsidiaries at 30 September 2021 are as follows:

Name of undertaking	Registered office	Nature of business	% Held	
			Direct	Indirect
CareTech Consulting Limited	England and Wales	Non- Trading	100	-
CareTech Mena Social Care LLC (KSA co.)	Saudi Arabia	Non- Trading	100	-
CareTech Holdings Limited (UAE co.)	United Arab Emirates	Non- Trading	100	-
AS1 Investments Holdings Limited (ADGM)	United Arab Emirates	Non- Trading	-	52
Macani Medical Centre	United Arab Emirates	Operating	-	99
AS Investments Holding Limited (ADGM)	United Arab Emirates	Non- Trading	-	52
AS Northwood Investments Holdings LLC (ADGM)	United Arab Emirates	Non- Trading	-	99
ACPN Dubai	United Arab Emirates	Operating	-	65
ACPN Abu Dhabi	United Arab Emirates	Operating	-	65
ACPN Al Ain	United Arab Emirates	Operating	-	65
AS2 Investments Holdings Limited (ADGM)	United Arab Emirates	Non- Trading	-	90

### 9 Trade and other receivables

	2021 £'000	2020 £'000
Amounts owed by fellow group undertakings	222	166
Other receivables	1	-
	<u>223</u>	<u>166</u>

### 10 Trade and other payables

	2021 £'000	2020 £'000
Other payables	58	-
	<u>58</u>	<u>-</u>

# CARETECH INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 11 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £'000
Deferred tax balance at 1 October 2019	-
<b>Deferred tax movements in prior year</b>	
Charge/(credit) to profit or loss	(10)
Deferred tax liability at 1 October 2020	(10)
<b>Deferred tax movements in current year</b>	
Charge/(credit) to profit or loss	37
Deferred tax liability at 30 September 2021	27

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

### 12 Share premium account

	2021 £'000	2020 £'000
At the beginning and end of the year	500	500

### 13 Share capital

	2021 £	2020 £
<b><i>Issued and fully paid</i></b>		
202 Ordinary shares of £1 each	202	202

### 14 Controlling party

The company's ultimate parent undertaking is CareTech Holdings PLC. The consolidated financial statements of this Group are available to the public and may be obtained from Metropolitan House, 3 Darkes lane, Potters Bar, Hertfordshire, EN6 1AG.

The company is included in the consolidated accounts of CareTech Holdings PLC.

# CARETECH INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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### 15 Financial instruments

These are designed to reduce the financial risks faced by the company, which primarily relate to credit, interest and liquidity risks, which arise in the normal course of the company's business.

#### **Credit risk**

Financial instruments which potentially expose the company to credit risk consist primarily of cash equivalents and trade receivables. Cash equivalents are deposited only with major financial institutions that satisfy certain credit criteria.

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are carried out on all significant prospective customers and all existing customers requiring credit beyond a certain threshold. Varying approval levels are set on the extension of credit depending upon the value of the sale.

Where the credit risk is deemed to have risen to an unacceptable level, remedial actions including the variation of terms of trade are implemented under the guidance of senior management until the level of credit risk has been normalised.

The company provides credit to customers in the normal course of business with a provision for specific doubtful receivables. The balance includes the amounts considered recoverable which also equals their fair value. The company does not require collateral in respect of financial assets. During the year there was no charge to the income statement for bad or doubtful debts (30 September 2020: £Nil).

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

#### **Interest rate risk**

The company finances its operations through called up share capital, retained profits, intergroup borrowings and bank borrowings. The company's income is by its nature relatively stable and its growth is, inter alia, impacted by inflation. Company policy is to balance interest rate fixes between the short, medium and long term. The benchmark rate for bank borrowings is LIBOR.

#### **Liquidity Risk**

The company prepares annual cash flow forecasts reflecting known commitments and anticipated projects. Borrowing facilities are arranged as necessary to finance requirements. The wider group has available bank and overdraft facilities, sufficient, with cash flow from profits, to fund present commitments. Term facilities are utilised to fund capital expenditure and short term flexibility is achieved by the utilisation of overdraft facilities in respect of financial liabilities. There were no contractual cash flow maturities at 30 September 2021 (30 September 2020: £Nil).

#### **Capital risk management**

The company manages its capital to ensure that activities of the company will be able to continue as going concerns whilst maximising returns for stakeholders through the optimisation of debt and equity. The company does not currently have any external debt and details of the company's equity are disclosed in the Statement of Financial Position.

#### **Foreign currency risk**

The company operates entirely in the UK and is not exposed to any foreign currency risks.

#### **Sensitivity analysis**

In managing interest rate risks the company aims to reduce the impact of short-term fluctuations on the company's earnings. Over the longer-term, however, permanent changes in interest rates would have an impact on earnings. However, the wider group's financing arrangements mean that there is not expected to be a significant impact from interest rate changes on the company.

#### **Fair values**

Book values are considered to be equivalent to fair values.