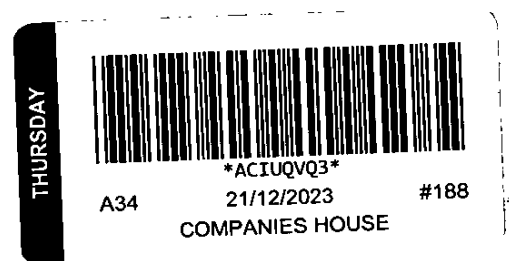


Company registration number 08612949 (England and Wales)

**ABACAREDIG HOLDINGS LIMITED**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**



**ABACAREDIG HOLDINGS LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	L Krige Gary Fee	(Appointed 1 April 2023)
<b>Company number</b>	08612949	
<b>Registered office</b>	Cardinal House Abbeyfield Court Abbeyfield Road Nottingham England NG7 2SZ	

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# ABACAREDIG HOLDINGS LIMITED

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# **ABACAREDIG HOLDINGS LIMITED**

## **STRATEGIC REPORT**

### ***FOR THE YEAR ENDED 31 MARCH 2023***

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The directors present their strategic report together with the audited financial statements for Abacaredig Holdings Limited (the 'Company') for the year ended 31 March 2023.

#### **Results and dividends**

The results for the year ended 31 March 2023 are disclosed on page 8 and show a profit after taxation of £151k (2022: profit of £510k). No dividends have been paid or proposed in the year (2022: Nil).

#### **Financial review**

Turnover for the year amounted to £11,276k (2022: £13,719k) which resulted in an operating profit of £151k (2022: profit of £434k).

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 2023 the Company had net assets of £7,746k (2022: £7,595k).

#### **Impact of Covid-19**

FY23 was the first year of no lockdowns. However, restrictions remained in place for precautions whilst undertaking care work. Over the year this ranged from the stringent daily Covid-19 testing, compulsory isolation if tested positive and mandatory PPE requirements to the gradual easing of all measures. Rosters were impacted by sickness, national labour shortages which reduced recruitment levels, a loss of care workers due to exhaustion and lifestyle re-evaluation after Covid-19 and those who returned to retail and hospitality sectors. Funding in FY22 enabled the use of agency staff to support rosters however, when this ended, agency became a significant cost to in FY23 with premium rates. During H2 a combination of increasing recruitment initiatives and the active hand back of hours, enabled the removal of agency staff in our homecare business.

The supply of basic Personal Protective Equipment (PPE) was free during the year however we incurred costs for central storage and distribution. In early FY24 the mandatory PPE requirements were amended to the pre-Covid19 guidance and the free national PPE stocks would no longer be available.

Local Authority and NHS assessment processes (by which new packages of care are commissioned) were also disrupted by lockdown and the diversion of staffing resources within commissioner organisations; this meant a slowdown in new business referrals. These trends fluctuated through the year as infection levels and workforce shortages also at the Local Authorities and NHS.

#### **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. FY23 average weekly chargeable hours decreased by 23.8% from prior year (2022: decreased 8.2%).

# ABACAREDIG HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **Principal risks and uncertainties**

The Covid-19 pandemic realised a number of risks for the Company, which were addressed, in part, through the implementation of various mitigation strategies. 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 change and the loss of key people, and has taken suitable steps to prevent, reduce or mitigate as appropriate.

As outlined above, the Covid-19 pandemic resulted in volume loss driven by difficulties to recruit, delays in new packages, costs of agency and statutory sick pay. Although support was made available to the sector through local and central government these all ceased at the end of March 22.

*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.*

*The risk associated with the loss of major contracts is mitigated by virtue of a strong demand within existing services and a pipeline of new business opportunities to replace any contract losses. Additionally, the risk is mitigated by the absence of undue reliance on any single contract (no exposure to a single contract of more than 2.5% of Company revenue) 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).

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.

# ABACAREDIG HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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### 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

Financial year 2024 will be a year of delivery – implementation of key recruitment focussed projects to support volume recovery and growth. Economic pressures of cost inflation and fuel prices are impacting the workforce, with fuel top-ups, employee savings platform put in place as support. A procurement program for utilities and indirect and central consumables is underway to contain and reduce costs. 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. Further acquisition opportunities that complement the directors' objectives for the Company will be considered as and when they arise to enhance the growth potential in the business.

On behalf of the board



L Krige  
Director

28 November 2023

# **ABACAREDIG HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2023**

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

#### **Principal activities**

The principal activity of the Company is the provision of homecare services across Wales. 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 (2022: £nil).

#### **Financial risk management**

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

J Thorburn-Muirhead	(Resigned 9 June 2023)
N Goodban	(Resigned 31 March 2023)
L Krige	
Gary Fee	(Appointed 1 April 2023)

#### **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.

#### **Disabled persons**

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 whilst 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.

# **ABACAREDIG HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2023**

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#### **Going concern**

The Company had net assets of £7,746k at 31 March 2023 (2022; net assets/liabilities of £7,595k) and net current assets of £7,448k (2022; net current assets £7,218k).

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 increased interest payments, which has been considered in the Group's modelling, performance has recovered with the reduction in agency and overhead costs, completion of the model branch technology project and integration of acquisitions. 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 FY23 and have been sensitised to consider a number of potential scenarios which are more adverse than those experienced to date. These scenarios include realistic consideration of volume decrease, cost control and prudent impact of charge and wage rate increases into FY25.

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 Company already has a formal governance framework. The 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, monitoring risk and corporate governance, and oversight of the performance of the subsidiary companies. There is a formal cycle for the development of annual business plans and of the medium and long-term strategy for the Company as a whole.

The Board meets formally every month during the year. Meetings have a formal agenda and papers are issued in advance. The Board is supported by the following committees/steering groups covering activities relevant for the whole 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 audit process, and the system of risk management and internal control across the Company.
- **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 wider 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.



# **ABACAREDIG HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2023**

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#### **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).

##### **Strategic report**

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 and Company's (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.

#### **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 and 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.

# **ABACAREDIG HOLDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2023***

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On behalf of the board

A handwritten signature in black ink, appearing to read 'L Krige', is positioned above the printed name and title.

L Krige  
**Director**

28 November 2023

# ABACAREDIG HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

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	Notes	2023 £'000	2022 £'000
Turnover	2	11,276	13,719
Cost of sales		(9,667)	(11,561)
<b>Gross profit</b>		<b>1,609</b>	<b>2,158</b>
Administrative expenses		(1,224)	(1,748)
Other operating income		-	24
Exceptional item		(234)	-
<b>Profit before taxation</b>		<b>151</b>	<b>434</b>
Tax on profit	6	-	76
<b>Profit for the financial year</b>		<b>151</b>	<b>510</b>

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# ABACAREDIG HOLDINGS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2023

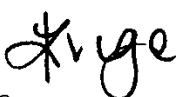
		2023		2022	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Goodwill	7		118		138
Other intangible assets	7		347		406
Total intangible assets			465		544
<b>Current assets</b>					
Debtors	8	9,947		9,501	
Cash at bank and in hand		1		-	
		9,948		9,501	
<b>Creditors: amounts falling due within one year</b>	9	(2,500)		(2,283)	
<b>Net current assets</b>			7,448		7,218
<b>Total assets less current liabilities</b>			7,913		7,762
<b>Provisions for liabilities</b>					
Provisions	10	70		70	
Deferred tax liability	11	97		97	
			(167)		(167)
<b>Net assets</b>			7,746		7,595
<b>Capital and reserves</b>					
Called up share capital	12		-		-
Profit and loss reserves			7,746		7,595
<b>Total equity</b>			7,746		7,595

For the financial year ended 31 March 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small 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.

The financial statements were approved by the board of directors and authorised for issue on 28 November 2023 and are signed on its behalf by:

  
L Krige  
Director

Company registration number 08612949 (England and Wales)

# ABACAREDIG HOLDINGS LIMITED

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

	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2021	-	7,085	7,085
Year ended 31 March 2022:			
Profit and total comprehensive income	-	510	510
Balance at 31 March 2022	-	7,595	7,595
Year ended 31 March 2023:			
Profit and total comprehensive income	-	151	151
Balance at 31 March 2023	-	7,746	7,746

# **ABACAREDIG HOLDINGS LIMITED**

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

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### **1 Accounting policies**

#### **Company information**

Abacaredig Holdings Limited (the 'Company') operate as providers of domiciliary care services across Wales.

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.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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.

# ABACAREDIG HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### **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 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.

#### **New standards**

No new accounting standards, or amendments to accounting standards that are effective for the year ended 31 March 2023, 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.*

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 & Key management personnel (paragraph 33.7)

# ABACAREDIG HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 1 Accounting policies

(Continued)

##### 1.2 Going concern

The Company had net assets of £7,746k at 31 March 2023 (2022; net assets/liabilities of £7,595k) and net current assets of £7,448k (2022; net current assets £7,218k).

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 increased interest payments, which has been considered in the Group's modelling, performance has recovered with the reduction in agency and overhead costs, completion of the model branch technology project and integration of acquisitions. 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 FY23 and have been sensitised to consider a number of potential scenarios which are more adverse than those experienced to date. These scenarios include realistic consideration of volume decrease, cost control and prudent impact of charge and wage rate increases into FY25.

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.

##### 1.3 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.

##### 1.4 Intangible fixed assets - 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 Group'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.



# ABACAREDIG HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 1 Accounting policies

(Continued)

##### 1.5 Intangible fixed 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
--------------------	---------------

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.

##### Impairment of intangible assets and goodwill

Assets that are subject to 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.

##### 1.6 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.

##### Basic financial assets

Basic financial assets, including trade and other receivables, amounts owed by group undertakings, cash and bank balances, 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.

# ABACAREDIG HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### **Classification of financial liabilities**

Basic financial liabilities, including trade and other payables and amounts owed to 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.

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

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

### 1.7 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. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 1.8 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.

#### *(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.

# ABACAREDIG HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies (Continued)

#### 1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.10 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.*

#### 1.11 Share capital

Ordinary shares are classified as equity.

#### 1.12 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.

#### Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

#### 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.

### 2 Turnover and other revenue

	2023 £'000	2022 £'000
<b>Turnover analysed by class of business</b>		
Domiciliary Care	11,276	13,719
	<hr/>	<hr/>
	2023 £'000	2022 £'000
<b>Other revenue</b>		
Grants received	-	24
	<hr/>	<hr/>

# ABACAREDIG HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 2 Turnover and other revenue

(Continued)

Turnover arose entirely in the United Kingdom.

#### Government grants

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

- £nil (2022: £24k) 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.

### 3 Operating profit

	2023 £'000	2022 £'000
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(24)
Amortisation of intangible assets	79	79
Operating lease charges	149	167

### 4 Employees

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

	2023 Number	2022 Number
Branch management and administration	68	81
Care and support workers (full and part-time)	477	618
Total	545	699

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	8,134	9,782
Social security costs	617	694
Pension costs	177	255
	8,928	10,731

### 5 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.

# ABACAREDIG HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 6 Taxation

	2023 £'000	2022 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	(76)

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

	2023 £'000	2022 £'000
Profit before taxation	151	434
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	29	82
Adjustments in respect of prior years	-	(88)
Effect of change in corporation tax rate	-	23
Group relief	(29)	(97)
Expenses not deductible for tax purposes	-	4
Taxation charge/(credit) for the year	-	(76)

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Substantive enactment occurred on 24 May 2021 therefore its effects have been included in these financial statements. The deferred tax balances within these financial statements have been calculated at 19% or 25% depending on when the related timing difference will reverse (2022: 19%).

It was subsequently announced in September 2022 that the corporation tax rate is to remain at 19% until 2023/24. Any enacted changes to deferred tax will be reflected in the 2023 financial statements.

#### 7 Intangible fixed assets

	Goodwill £'000	Customer Contracts £'000	Total £'000
<b>Cost</b>			
At 1 April 2022 and 31 March 2023	200	593	793
<b>Amortisation and impairment</b>			
At 1 April 2022	62	187	249
Amortisation charged for the year	20	59	79
At 31 March 2023	82	246	328
<b>Carrying amount</b>			
At 31 March 2023	118	347	465
At 31 March 2022	138	406	544

# ABACAREDIG HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 7 Intangible fixed assets (Continued)

The amortisation charge for the year is recognised within administrative expenses.

### 8 Debtors

	2023 £'000	2022 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	134	551
Corporation tax recoverable	72	71
Amounts owed by group undertakings	9,088	8,067
Other debtors	1	-
Prepayments and accrued income	652	812
	<u>9,947</u>	<u>9,501</u>

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.

### 9 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	41	27
Amounts owed to group undertakings	1,778	1,007
Taxation and social security	69	9
Other creditors	26	-
Accruals and deferred income	586	1,240
	<u>2,500</u>	<u>2,283</u>

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

### 10 Provisions for liabilities

	£'000
At 1 April 2022 and 31 March 2023	<u>70</u>

#### Dilapidation provisions

Provision for dilapidations represents the estimated cost of repairs required under all current property rental: the end of the lease term.

# ABACAREDIG HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 11 Deferred taxation

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

	Liabilities 2023 £'000	Liabilities 2022 £'000
<b>Balances:</b>		
Business Combinations	97	97

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.

#### 12 Share capital

	2023 Number	2022 Number	2023 £	2022 £
<b>Ordinary share capital</b>				
A ordinary shares of £1 each	50	50	50	50
B ordinary shares of £1 each	50	50	50	50
C ordinary shares of £1 each	50	50	50	50
	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>

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.

#### 13 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £'000	2022 £'000
Within one year	212	106
Between two and five years	54	219
	<u>266</u>	<u>325</u>

## **ABACAREDIG HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

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#### **14 Capital commitments**

There are no material capital commitments (2022: £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 2023, Group borrowings subject to the guarantee amounted to £218.2m (2022: £218.2m).

#### **15 Ultimate controlling party**

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

C&C Topco Limited is the smallest and largest company for which consolidated accounts including Abacaredig Holdings Limited are prepared. 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 2023, 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.