

Company registration number 10248907 (England and Wales)

GCG HOLDINGS LTD
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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GCG HOLDINGS LTD

COMPANY INFORMATION

Directors

Mr S Mistry
Mrs J M Renton
Mr D J B Sandoz
Mrs V Sapojnic

Secretary

Sodexo Corporate Services (No.2) Limited

Company number

10248907

Registered office

120 Leman Street
London
E1 8EU

GCG HOLDINGS LTD

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GCG HOLDINGS LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present the strategic report for the year ended 31 August 2022.

Principal activities

The company is a holding company. The principal activity of its trading subsidiaries is the provision of live care to elderly clients throughout England and Scotland.

Brexit

The UK left the EU on the 31 January 2020 and the subsequent transition period ended on 31 December 2020. This has adversely impacted the care sector's ability to recruit professional carers from the European Union, unless they have settled status or otherwise have the right to work in the UK, and has therefore reduced the size of the available labour pool.

Covid-19

On 8 March 2021, England began a phased exit from lockdown, following a four-step plan which resulted in all lockdown laws being revoked by 18 July 2021, although some other general restrictions, such as self-isolation and international quarantine, remained in place until the spring of 2022.

In order to (i) protect those who use health and care services, a large number of whom are vulnerable, as well as healthcare workers and the wider community, and (ii) to help reduce Covid-19 related sickness absences, the UK Government introduced Vaccination as a Condition of Deployment regulations for care homes on 11 November 2021. These regulations required all care home workers and other visiting professionals to be fully vaccinated against Covid-19, unless they fell within an exemption. The Government also planned to extend the regulations to the wider health and social care sector from 1 April 2022 but subsequently withdrew those regulations. Whilst well intentioned, the introduction of the Vaccination as a Condition of Deployment regulations resulted in an estimated 40,000 workers, who did not wish to be vaccinated, permanently leaving the sector in the final quarter of 2021.

Recruitment

Given the buoyant job market and the increasingly tight labour market as the economy has reopened following the lifting of lockdown restrictions, many sectors such as care, retail and hospitality are finding it increasingly difficult to recruit and retain key workers.

The Good Care Group continues to invest in pay and benefits, and we have recently introduced a discount card for all of our employees to help them mitigate the increased cost of living through discounts with local businesses and large national retailers.

Client Needs

We continue to work closely with our clients to ensure we deliver the very best care, but we have not been able to take on new clients at the rate same we did before the pandemic given the tighter labour market, particularly in the live-in care sector. We are actively working to address this issue.

Future developments & risk management

Covid-19

Our subsidiaries will continue to put the health, safety and wellbeing of their clients and professional carers first, and they will continue to comply with all applicable Covid-19 guidelines to ensure they keep their clients and professional carers safe.

Recruitment

They will continue to invest in carer pay to ensure that their professional carers are fairly rewarded for the outstanding job that they do, and they will scale up their recruitment activity in order to return the business to growth.

On behalf of the board



.....
Mrs J M Renton

Director 30th May 2023
.....

GCG HOLDINGS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The directors present their annual report and financial statements for the year ended 31 August 2022.

Results and dividends

The results for the year are set out on page 4.

No ordinary dividends were paid (2021: £nil). The directors do not recommend payment of a final dividend.

No preference dividends were paid (2021: £nil). The directors do not recommend payment of a final dividend.

Directors

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

Mr S Mistry
Mrs J M Renton
Mr D J B Sandoz
Mrs V Sapojnic

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to nil day's purchases, based on the average daily amount invoiced by suppliers during the year.

Political donations

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Energy and carbon report

The company used less than 40,000 kWh of energy in 2021-22, and consequently qualifies as a low energy user under the Streamlined Energy and Carbon Reporting (SECR) regulations and is not required to report on its emissions, energy consumption or energy efficiency activities in this reporting period.

Going concern

The directors continue to adopt the going concern basis in the preparation of the financial statements.

As at the date of approval of the financial statements, the shareholders of GCG Holdings Ltd are exploring various strategic options with regard to their shareholding, including the sale of their shares. Although the outcome of the process is currently uncertain, the directors have considered the consequences if a sale was to occur in the forecast period. It is not possible to predict what would happen to the entity if there was a sale, however, the directors have no reason to believe that the company would not continue to exist. The inter-company loans and other payables to Sodexo Ltd which are shown in the financial statements would be repayable on the sale of the shares and it is expected that any new share holder would provide the necessary refinancing. The plausible downside scenarios show that there is no need for additional funding over and above this amount.

Based on these analyses and facts, the directors believe that the Company will be able to continue to meet its liabilities as they fall due for at least the next 12 months and therefore have prepared the financial statements on a going concern basis.

GCG HOLDINGS LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

On behalf of the board



.....
Mrs J M Renton
Director

Date: 30th May 2023
.....

GCG HOLDINGS LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	2021 £
Tax on profit		-	-
		<hr/>	<hr/>
Profit and total comprehensive income for the financial year		-	-
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages pages 7 to 13 form part of these financial statements.

GCG HOLDINGS LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Non-current assets					
Investments	4		4,138,007		4,138,007
Current assets					
Trade and other receivables	6	1,010,551		1,010,551	
Current liabilities					
Trade and other payables	7	980,668		980,668	
Net current assets			29,883		29,883
Net assets			4,167,890		4,167,890
Equity					
Called up share capital	8		646		646
Share premium account	9		4,214,462		4,214,462
Retained earnings			(47,218)		(47,218)
Total equity			4,167,890		4,167,890

For the financial year ended 31 August 2022 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant 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 30th May 2023 and are signed on its behalf by:



Mrs J M Renton
Director

Company registration number 10248907

GCG HOLDINGS LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2022

	Share capital £	Share premium account £	Retained earnings £	Total £
Balance at 1 September 2020	646	4,214,462	(47,218)	4,167,890
Year ended 31 August 2021:				
Profit and total comprehensive income for the year	-	-	-	-
Balance at 31 August 2021	646	4,214,462	(47,218)	4,167,890
Year ended 31 August 2022:				
Profit and total comprehensive income for the year	-	-	-	-
Balance at 31 August 2022	646	4,214,462	(47,218)	4,167,890

GCG HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

Company information

GCG Holdings Ltd is a private company limited by shares incorporated and domiciled in England and Wales. The registered number is 10248907 and the registered office is 120 Leaman Street, London, E1 8EU. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below and have been applied consistently to all periods presented in the financial statements, unless otherwise stated.

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 Sodexo S. A 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.

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.

The Company's ultimate parent undertaking, Sodexo S.A. includes the Company in its consolidated financial statements. The consolidated financial statements of Sodexo S.A. are prepared in accordance with International Financial Reporting Standards and are available to the public and are published on the company's website at www.sodexo.com.

GCG HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.2 Going concern

The directors continue to adopt the going concern basis in the preparation of the financial statements.

As at the date of approval of the financial statements, the shareholders of GCG Holdings Ltd are exploring various strategic options with regard to their shareholding, including the sale of their shares. Although the outcome of the process is currently uncertain, the directors have considered the consequences if a sale was to occur in the forecast period. It is not possible to predict what would happen to the entity if there was a sale, however, the directors have no reason to believe that the company would not continue to exist. The inter-company loans and other payables to Sodexo Ltd which are shown in the financial statements would be repayable on the sale of the shares and it is expected that any new share holder would provide the necessary refinancing. The plausible downside scenarios show that there is no need for additional funding over and above this amount.

Based on these analyses and facts, the directors believe that the Company will be able to continue to meet its liabilities as they fall due for at least the next 12 months and therefore have prepared the financial statements on a going concern basis.

1.3 Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

1.4 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.

1.5 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

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

GCG HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

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.

The company has made an irrevocable election to recognise changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognised initially at fair value plus transaction cost 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 retained earnings when equity instrument is derecognised or its fair value substantially decreased. Dividends are recognised as finance income in profit or loss.

Impairment of financial assets

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

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.

1.6 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'.

GCG HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

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.

1.7 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.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2 Critical accounting estimates and judgements

The preparation of financial statements requires the management to make estimates and judgements which affect the amounts reported for assets, liabilities and contingent liabilities as of the date of preparation of the financial statements, and for revenues and expenses for the period.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and judgements that have the most material impact on the financial performance and position of the Company are as follows:

(i) Provisions for bad debts

Provision is made for aged debts. These provisions require management's best estimate of the likelihood of recovery of each debt.

(ii) Impairment of non-current assets

Determining the carrying value of investments in subsidiaries, where indicators of impairment are observed, requires estimation of the value in use of the investment. The value in use calculations require an estimation of future cash flows expected to be generated by subsidiaries and of suitable discount rates in order to determine the present value of those cash flows.

GCG HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

3 Employees

There were no persons employed by the company during the year. No directors were employed or remunerated by the company.

	2022 Number	2021 Number
Total	-	-

4 Investments

	Current 2022 £	2021 £	Non-current 2022 £	2021 £
Investments in subsidiaries	-	-	4,138,007	4,138,007

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Fair value of financial assets carried at amortised cost

The directors have considered the carrying amounts of financial assets in the financial statements for impairments. No impairment has been necessary.

Movements in non-current investments

	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost or valuation			
At 31 August 2021 & 31 August 2022	1	4,138,006	4,138,007
Carrying amount			
At 31 August 2021 & 31 August 2022	1	4,138,006	4,138,007

5 Subsidiaries

Details of the company's subsidiaries at 31 August 2022 are as follows. All shares held are 'Ordinary'.

Name of undertaking	Address	% Held	
		Direct	Indirect
GCG Intermediate Ltd	1	100.00	-
Oxford Aunts Ltd	1	-	100.00
The Good Care Group London Ltd	1	-	100.00
The Good Care Group Scotland Ltd	1	-	100.00
The Good Care Group at Riverstone Ltd	1	-	100.00
The Good Care Group at Riverstone Assessment Company Ltd	1	-	100.00

GCG HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

5 Subsidiaries

(Continued)

Registered office addresses (all UK unless otherwise indicated):

1 120 Leman Street, London, E1 8EU

6 Trade and other receivables

	2022 £	2021 £
Amounts owed by fellow group undertakings	38,450	38,450
Prepayments and accrued income	972,101	972,101
	<u>1,010,551</u>	<u>1,010,551</u>

The intercompany loan with The Good Care Group London Ltd is repayable on demand and no interest is charged.

7 Trade and other payables

	2022 £	2021 £
Accrued preferred dividends	<u>980,668</u>	<u>980,668</u>

8 Share capital

	2022 £	2021 £
Ordinary share capital		
<i>Issued and fully paid</i>		
85,000 A Ordinary shares of 0.1p each	85	85
406,612 B1 Ordinary shares of 0.1p each	407	407
15,000 B2 Ordinary shares of 1p each	150	150
	<u>642</u>	<u>642</u>
Preference share capital		
<i>Issued and fully paid</i>		
3,109,883 Management preferred shares of 0.0001p each	3	3
1,102,973 Non-management preferred shares of 0.0001p each	1	1
	<u>4</u>	<u>4</u>

GCG HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

8 Share capital

(Continued)

On 29 July 2016, the company sub-divided the issued ordinary share of £1 into 1000 ordinary shares of 0.1p each and re-designated those shares as B1 Ordinary shares.

85,000 Class A Ordinary shares were issued at a premium of 0.9p per share on the 29th July 2016. Each share carries the right to vote and entitlement to receive the long term dividend in priority to any other distributions made to the holders of B1 Ordinary shares, B2 Ordinary shares, management preferred shares and non-management preferred shares. These shares are not redeemable.

82,811 Class B1 Ordinary shares were issued at a premium of 0.9p per share on the 29th July 2016. 311,704 Class B1 Ordinary shares were issued at par on the 29th July 2016. 11,097 Class B1 Ordinary shares were issued at a premium of 0.9p per share on 5 April 2019. Each share carries the right to vote and entitlement to participate in any distribution made to the holders of ordinary shares pro rata to the number of shares held. These shares are no longer redeemable. There was an option to redeem them 30 days from the date of issue, but this has passed.

15,000 Class B2 Ordinary shares were issued at par on the 29th July 2016. Each share carries the right to vote and entitlement to participate in any distribution made to the holders of ordinary shares pro rata to the number of shares held. These shares are no longer redeemable. There was an option to redeem them 30 days from the date of issue, but this has passed.

3,109,883 Management preferred shares were issued at a premium of 0.9999p per share on the 29th July 2016. These shares do not carry the right to vote and are not redeemable. Each share carries the right to receive the preferred dividend.

1,102,973 Non-management preferred shares were issued at a premium of 0.9999p per share on the 29th July 2016. These shares carry the right to receive the preferred dividend. These rank ahead of the management preference shares. These shares are not redeemable.

A total of 1,556 B1 Ordinary ESS shares were re-designated as B1 Ordinary shares in 2017 following transfer to employees who no longer qualify for ESS status.

9 Share premium account

	2022 £	2021 £
At the beginning and end of the year	<u>4,214,462</u>	<u>4,214,462</u>

10 Controlling party

The parent company of GCG Holdings Ltd is Sodexo Holdings Ltd, registered in England and Wales and its registered office is One, Southampton Row, London WC1B 5HA.

The ultimate controlling party is Sodexo SA and its registered office is 255 quai de la Bataille de Stalingrad, 92130 Issy les Mounlineaux, France.