

**ACG OPERATIONS LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

ACG OPERATIONS LTD

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ACG OPERATIONS LTD

Company Information

Directors	C Ball K J Maddin E H McNeill C J Storr A Welsh
Registered office	C/O Browne Jacobson LLP (Cs) 15th Floor 103 Colmore Row Birmingham B3 3AG
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

ACG OPERATIONS LTD

Directors' Report for the Year Ended 31 December 2022

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

Directors of the company

The directors who held office during the year were as follows:

C Ball

K J Maddin

E H McNeill

C J Storr

A Welsh

Principal risks and uncertainties

The group is mainly funded through loan notes and equity provided by Cabot Square Capital LLP alongside bank debt through a fixed term acquisition facility.

The group's bank loans and loan stock are subject to price and liquidity risk. Liquidity risk is mitigated through the ongoing fully committed support from our Private Equity partner whilst exposure to interest rate risk is managed through a board approved hedging strategy.

The principal operational finance risk that the business faces is the competitive market for the provision of Care Home services and the potentially serious impact of reduced occupancy levels. However, the business plans to mitigate this risk through acquisition of homes in under-bedded markets with local demographics that can support the private pay market.

Future developments

The group is in exclusive negotiations for the acquisition of additional care homes, with an extended pipeline of acquisition opportunities at various stages of development. The completion of these prospective additions to the group was delayed by the board due to the risks associated with the Coronavirus pandemic. However the board is starting to progress the pipeline as the adverse economic and environmental conditions associated with the pandemic begins to stabilise.

Disclosure of information to the auditors

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

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 27 September 2023 and signed on its behalf by:

C J Storr
Director

ACG OPERATIONS LTD

Strategic Report for the Year Ended 31 December 2022

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

Principal activity

The principal activity of the company is the operation of residential care services for the elderly.

Fair review of the business

The directors of the company consider that the financial position at the year end is satisfactory. The results for the year, which are set out in the profit and loss account, show an operating loss of £2,104,726 (2021 - £1,578,272). At 31 December 2022, the company had total assets less current liabilities of £12,761,188 (2021 - £13,203,322).

Approved by the Board on 27 September 2023 and signed on its behalf by:

C J Storr
Director

ACG OPERATIONS LTD

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ACG OPERATIONS LTD

Independent Auditor's Report to the Members of ACG Operations Ltd

Opinion

We have audited the financial statements of ACG Operations Ltd (the 'company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

ACG OPERATIONS LTD

Independent Auditor's Report to the Members of ACG Operations Ltd

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISA's (UK).

In identifying and assessing risks of material misstatement in respect of fraud, including irregularities and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company financial statements or that had a fundamental effect on the company's operations.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur.

Audit procedures performed by the engagement team included:

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process. Detailed analysis of journals posted through the accounting system during the year to 31 December 2022 has been undertaken;
- Understanding the controls in place to prevent and detect fraud. Reliance was not placed on controls for the entirety of the audit, instead taking a substantive testing approach.
- Challenging assumptions and judgements made by management in its significant accounting estimates.

ACG OPERATIONS LTD

Independent Auditor's Report to the Members of ACG Operations Ltd

Use of our report

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

Simon Worsley (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House

Bayshill Road

Cheltenham

GL50 3AT

27 September 2023

ACG OPERATIONS LTD**Profit and Loss Account for the Year Ended 31 December 2022**

	Note	2022 £	2021 £
Turnover	<u>3</u>	1,316,905	1,729,340
Cost of sales		(1,082,725)	(1,137,604)
Other operating income	<u>4</u>	<u>31,902</u>	<u>92,940</u>
Gross profit		266,082	684,676
Administrative expenses		(2,285,727)	(2,053,648)
Exceptional items	<u>6</u>	<u>(85,081)</u>	<u>(209,300)</u>
Operating loss	<u>5</u>	(2,104,726)	(1,578,272)
Interest payable and similar charges	<u>7</u>	<u>(360,740)</u>	<u>(279,692)</u>
Loss before tax		(2,465,466)	(1,857,964)
Taxation	<u>11</u>	<u>(169,181)</u>	<u>207,390</u>
Loss for the financial year		<u><u>(2,634,647)</u></u>	<u><u>(1,650,574)</u></u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

The notes on pages 11 to 20 form an integral part of these financial statements.

ACG OPERATIONS LTD**(Registration number: 11666292)****Balance Sheet as at 31 December 2022**

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	<u>12</u>	1,617,541	1,878,799
Tangible assets	<u>13</u>	413,495	400,570
Investments	<u>14</u>	11,944,709	11,877,548
		<u>13,975,745</u>	<u>14,156,917</u>
Current assets			
Stocks	<u>15</u>	9,500	7,500
Debtors	<u>16</u>	1,505,229	1,651,761
Cash at bank and in hand		2,424	13,435
		<u>1,517,153</u>	<u>1,672,696</u>
Creditors: Amounts falling due within one year	<u>17</u>	<u>(2,731,710)</u>	<u>(2,626,291)</u>
Net current liabilities		<u>(1,214,557)</u>	<u>(953,595)</u>
Total assets less current liabilities		12,761,188	13,203,322
Creditors: Amounts falling due after more than one year	<u>17</u>	<u>(17,806,237)</u>	<u>(15,613,724)</u>
Net liabilities		<u>(5,045,049)</u>	<u>(2,410,402)</u>
Capital and reserves			
Called up share capital	<u>19</u>	-	-
Profit and loss account		<u>(5,045,049)</u>	<u>(2,410,402)</u>
Total equity		<u>(5,045,049)</u>	<u>(2,410,402)</u>

Approved and authorised by the Board on 27 September 2023 and signed on its behalf by:

C J Storr
DirectorThe notes on pages 11 to 20 form an integral part of these financial statements.

ACG OPERATIONS LTD**Statement of Changes in Equity for the Year Ended 31 December 2022**

	Share capital £	Profit and loss account £	Total £
At 1 January 2022	-	(2,410,402)	(2,410,402)
Loss for the year	-	(2,634,647)	(2,634,647)
At 31 December 2022	-	(5,045,049)	(5,045,049)

	Share capital £	Profit and loss account £	Total £
At 1 January 2021	-	(759,828)	(759,828)
Loss for the year	-	(1,650,574)	(1,650,574)
At 31 December 2021	-	(2,410,402)	(2,410,402)

The notes on pages 11 to 20 form an integral part of these financial statements.

ACG OPERATIONS LTD

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
C/O Browne Jacobson LLP (Cs) 15th Floor
103 Colmore Row
Birmingham
B3 3AG

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Summary of disclosure exemptions

The company has not presented a cash flow statement on the grounds that the company is a wholly owned subsidiary and a group cash flow statement is included in the financial statements of the ultimate parent company.

Name of parent of group

These financial statements are consolidated in the financial statements of Autograph Care Group Holdings Limited.

The financial statements of Autograph Care Group Holdings Limited may be obtained from Companies House.

Group accounts not prepared

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirements to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Autograph Care Group Holdings Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

Going concern

The balance sheet as at 31 December 2022 shows net liabilities of £5,045,049 (2021 - £2,410,402). The directors have considered the impact of the current economic environment on the future cashflows of the company and their ability to meet liabilities as they fall due, being a period of not less than 12 months from the date of approving the financial statements, and are satisfied that it is appropriate to adopt the going concern basis.

The company has made a net loss of £2,634,647 (2021 - £1,650,574) and is dependant on the wider group to meet its liabilities as they fall due. The directors of Autograph Care Group Operations Limited have confirmed that fellow group companies will continue to provide financial support to the company to ensure that the company can meet its liabilities as they fall due, for a period of at least 12 months from the date of signing of the financial statements. As a result, the directors have prepared the financial statements on a going concern basis.

ACG OPERATIONS LTD

Notes to the Financial Statements for the Year Ended 31 December 2022

Judgements and estimation uncertainty

These financial statements do not contain any significant judgements or estimation uncertainty.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current 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 countries where the company operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	2% straight line
Fixtures and fittings	20% straight line
Computer equipment	25% straight line

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

ACG OPERATIONS LTD

Notes to the Financial Statements for the Year Ended 31 December 2022

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Straight line over 10 years
Patents	Straight line over 10 years

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

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

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

Trade creditors

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

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

ACG OPERATIONS LTD

Notes to the Financial Statements for the Year Ended 31 December 2022

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

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

Defined contribution pension obligation

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

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

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

ACG OPERATIONS LTD

Notes to the Financial Statements for the Year Ended 31 December 2022

Financial instruments (continued)

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Turnover

The total turnover of the company has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022	2021
	£	£
COVID-19 support scheme grant income	31,902	92,940

5 Operating profit

Arrived at after charging:

	2022	2021
	£	£
Depreciation expense	85,779	69,750
Amortisation expense	261,258	261,258
Operating lease expense - property	349,000	349,000
Operating lease expense	5,262	56

ACG OPERATIONS LTD

Notes to the Financial Statements for the Year Ended 31 December 2022

6 Exceptional items

	2022 £	2021 £
Exceptional expenses	85,081	209,300

Exceptional items in the current year consist of non-recurring consultancy costs, interim manager fees and energy credits. Exceptional items in the prior year consisted of integration costs and non-recurring recruitment fees.

7 Interest payable and similar expenses

	2022 £	2021 £
Interest on amounts owed to group undertakings	360,740	279,692

8 Staff costs

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

	2022 £	2021 £
Wages and salaries	1,515,969	1,343,762
Social security costs	157,340	118,437
Pension costs, defined contribution scheme	19,975	11,955
	1,693,284	1,474,154

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

	2022 No.	2021 No.
Care	42	53
Administration and support	14	11
	56	64

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	422,238	405,334

In respect of the highest paid director:

	2022 £	2021 £
Remuneration	185,800	181,313

10 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	10,380	9,900

ACG OPERATIONS LTD

Notes to the Financial Statements for the Year Ended 31 December 2022

11 Taxation

Tax charged/(credited) in the profit and loss account

	2022 £	2021 £
Deferred taxation		
Arising from origination and reversal of timing differences	169,181	(207,390)

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

The differences are reconciled below:

	2022 £	2021 £
Loss before tax	(2,465,466)	(1,857,964)
Corporation tax at standard rate	(468,439)	(353,013)
Expenses not deductible for tax purposes	5,927	31,076
Fixed asset differences	(2,690)	3,375
Group relief	262,030	235,916
UK deferred tax credit relating to changes in tax rates or laws	(64,160)	(81,880)
Increase from tax losses for which no deferred tax asset was recognised	427,154	-
Deferred tax expense from unrecognised temporary difference from a prior period	9,359	-
Closing adjustment	-	(42,864)
Total tax charge/(credit)	169,181	(207,390)

Deferred tax

Deferred tax assets and liabilities

	Asset £
2022	
Fixed asset timing differences	171,984
	171,984
2021	
Fixed asset timing differences	136,205
Losses and other deductions	204,960
	341,165

As at 31 December 2022, a deferred tax asset of £427,154, calculated at a rate of 25% has not been recognised, in respect of losses carried forward, on the basis that there is insufficient evidence that taxable profits are forecast in the foreseeable future, as sufficient taxable profits are forecast in the foreseeable future.

ACG OPERATIONS LTD

Notes to the Financial Statements for the Year Ended 31 December 2022

12 Intangible assets

	Patents £	Goodwill £	Total £
Cost			
At 1 January 2022 and at 31 December 2022	6,286	2,596,856	2,603,142
Amortisation			
At 1 January 2022	3,929	720,414	724,343
Amortisation charge	1,572	259,686	261,258
At 31 December 2022	5,501	980,100	985,601
Carrying amount			
At 31 December 2022	785	1,616,756	1,617,541
At 31 December 2021	2,357	1,876,442	1,878,799

13 Tangible assets

	Freehold property £	Furniture, fittings and equipment £	Total £
Cost			
At 1 January 2022	186,251	361,060	547,311
Additions	1,488	97,216	98,704
At 31 December 2022	187,739	458,276	646,015
Depreciation			
At 1 January 2022	7,223	139,518	146,741
Charge for the year	3,803	81,976	85,779
At 31 December 2022	11,026	221,494	232,520
Carrying amount			
At 31 December 2022	176,713	236,782	413,495
At 31 December 2021	179,028	221,542	400,570

ACG OPERATIONS LTD

Notes to the Financial Statements for the Year Ended 31 December 2022

14 Investments

	2022 £	2021 £
Investments in subsidiaries	11,944,709	11,877,548

Subsidiaries

Cost and carrying amount

At 1 January 2022	11,877,548
Additions	67,161
At 31 December 2022	11,944,709

Details of undertakings

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

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
St. Catherine's Care Homes Limited	England and Wales	Ordinary	100%	100%
Walton Manor Limited	England and Wales	Ordinary	100%	100%
Northern Care Homes (Stoneswood) Ltd	England and Wales	Ordinary	100%	100%
Northern Care Homes Limited *	England and Wales	Ordinary	100%	100%

The principal activity of Northern Care Homes (Stoneswood) Ltd is that of a holding company. The principal activity of all other subsidiaries is operating a care home.

* Indirectly held through Northern Care Homes (Stoneswood) Ltd

15 Stocks

	2022 £	2021 £
Finished goods	9,500	7,500

16 Debtors

	Note	2022 £	2021 £
Trade debtors		84,947	142,475
Amounts owed by group undertakings		1,173,060	1,136,727
Other debtors		3,881	9,639
Prepayments		71,357	21,755
Deferred tax assets	11	171,984	341,165
		1,505,229	1,651,761

ACG OPERATIONS LTD

Notes to the Financial Statements for the Year Ended 31 December 2022

17 Creditors

	2022 £	2021 £
Due within one year		
Trade creditors	88,882	186,684
Amounts owed to group undertakings	2,231,818	2,277,048
Social security and other taxes	256,649	40,496
Other creditors	29,080	25,258
Accrued expenses	125,281	96,805
	<u>2,731,710</u>	<u>2,626,291</u>
Due after one year		
Amounts owed to group undertakings	<u>17,806,237</u>	<u>15,613,724</u>

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £19,975 (2021 - £11,955).

19 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £0.01 each	1	0.01	1	0.01

20 Contingent liabilities

The company is part of a cross company guarantee to secure the bank borrowings of the company and the group totalling £5,742,500 (2021 - £5,742,500).

21 Parent and ultimate parent undertaking

The company is controlled by its ultimate parent company Autograph Care Group Holdings Limited, a company registered in England and Wales.

The largest and smallest group for which consolidated financial statements have been prepared is that headed by Autograph Care Group Holdings Limited. Consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.