

Registration number: 03201165

HCRG Care Group Holdings Ltd

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2022



Saffery Champness LLP
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HCRG Care Group Holdings Ltd

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HCRG Care Group Holdings Ltd

Company Information

Directors	D J Deitz T20 Pioneer Holdings Limited I J Munro S J Collier
Registered office	The Heath Business and Technical Park Runcorn Cheshire WA7 4QX
Auditors	Saffery Champness LLP Trinity 16 John Dalton Street Manchester M2 6HY

HCRG Care Group Holdings Ltd

Strategic Report for the Year Ended 31 March 2022

The Directors present their strategic report for the year ended 31 March 2022.

Principal activity

HCRG Care Group Holdings Ltd (HCGHL) is the parent company of the HCRG Care Group. Its subsidiary HCRG Care Group Ltd (HCGL) delivers back office functions on behalf of the HCRG Care Group and is the parent of HCRG Care Services Ltd (HCSL) which holds contracts with the NHS and local authorities and employs health and care professionals in order to undertake the provision of contracted services. The principal activity of the Company is to hold the investments and provide finance to its subsidiary companies and indirectly owned LLP investments.

Business review

During the year ended 31 March 2022, revenues for the HCRG Care Group were maintained in comparison to prior year, and primarily relate to the provision of public NHS and Local Authority services. Through continued efficiency initiatives such implementation of an e-Rostering solution and efficiencies in back office costs, the Group made a pre-tax profit of £1,950,000 (2021: £93,000).

During the year, HCRG Care Group continued to save its NHS and Local Authority commissioners approximately 10% (2021: 10%) through the transformations it has undertaken, and the efficiencies provided. This saving is based upon comparison to the costs of the services prior to procurement by the HCRG Care Group and expected costs in the absence of such a procurement, where costs would be subject to national prices.

The HCRG Care Group continues to bid for and deliver new and innovative contracts, the most substantive development in year being appointed as the provider for Southend, Essex and Thurrock Child and Mental Health Services (CAMHS) in partnership with the North East London Foundation Trust (NELFT), which started on 1st April 2022

On 30 November 2021, HCRG Care Group Holdings Limited (formerly named Virgin Healthcare Holdings Limited) and its subsidiaries were acquired by T20 Pioneer Holdings Limited bringing together their strengths, capability and expertise in the health and care services sector. As part of the exit, all loans due to its prior owners Virgin Group and Assura were capitalised, so that no further obligation exists, and the business has been left in a strong financial position.

The group ended the year in a financially strong position to continue to deliver its business plan and forward growth strategy in 2022-23.

HCRG Care Group Holdings Ltd

Strategic Report for the Year Ended 31 March 2022

Operational priorities

The directors had identified four key operational priorities for the year ending 31 March 2022 which are summarised below:

Priority 1 - Ensuring service quality, safety and enhancing the user experience

The HCRG Care Group has continued to demonstrate the quality and safety of its services during inspections by regulators including the CQC (Care Quality Commission) and Ofsted.

The HCRG Care Group achieved 100% 'good' or 'outstanding' ratings for its inspected services during the year (consistent at 100% from 2020-21) representing the relatively mature status of a number of the Group's contracts and the successful delivery of transformation plans.

The HCRG Care Group continued to invest in new ways of working and systems to monitor service user satisfaction and to make improvements as a result of feedback. The Group is pleased that 93% (2020-21: 93%) of those using the group's services said their experience of our service was good/very good'.

Finally, the organisation received 24,772 (2020-21: 13,605) completed Patient Reported Experience Measure (PREMS) surveys providing vital information which supports us in developing services to deliver a better experience.

Priority 2 - Robust governance: fostering safeguarding and quality assurance processes which are standardised across the business

The organisation continued to improve processes and governance and sought to assure the HCRG Care Group, commissioners and the public that appropriate measures are in place to provide safe, high quality services.

Over the year, the HCRG Care Group has continued its commitment to continually improving governance processes to assure itself that there are clear lines of accountability, that risks are proactively identified and managed and that the business remains compliant with regulatory standards.

Priority 3 - To continue to be recognised as an outstanding employer

The HCRG Care Group continued to develop its Employer Brand during the year, building on its purpose to 'change lives through transforming health and care'.

Throughout the year we continued to work closely with our internal training arm, The Learning Enterprise, to develop our training and development offer for all of our colleagues, and to provide links to NHS and other training programmes. This included continuing our apprenticeship programme which is delivered through The Learning Enterprise.

The HCRG Care Group also measured the satisfaction of its colleagues through its annual Have Your Say survey and was pleased to achieve an overall colleague engagement score of 74% in 2021-22 (2021: 74%). This score is competitive with engagement scores within the market.

HCRG Care Group Holdings Ltd

Strategic Report for the Year Ended 31 March 2022

Operational priorities (continued)

Priority 4 - Delivering quality health and care services as efficiently as possible

The HCRG Care Group continued to focus on delivering high quality health and social care services as efficiently as possible in its existing and new contracts and to develop models and tools which facilitate that in future contracts too.

During the year, as noted above, the HCRG Care Group continued to invest in these tools and ways of working and continued to develop its expertise in service design and change management with a focus on clinical expertise.

Principal risks and uncertainties

The HCRG Care Group operates a Risk Management Framework in order to manage the risks and uncertainties of the business. The Executive Team reviews all high scoring risks and escalates the main risks to the Board for review at each meeting.

The major risks that could impact the business are as follows:

COVID-19 Pandemic

The ongoing COVID-19 pandemic remains a risk as the future of the pandemic, and any potential restrictions or changes to operation of the health and care sector are uncertain.

The business has, however, demonstrated its response procedures have been robust and had minimal impact to the Group's financial performance and at the time of signing these accounts, expects this to continue. The impact on the ability of the business to retain existing and acquire new contracts is being monitored.

Planned legislative change

The 2022 Health and Care Act is expected to implement changes already articulated in the NHS Long Term Plan to move towards Integrated Care Systems (ICS) and for providers and commissioners to work more closely together.

The changes to the procurement regime seek to ensure that procurement is used primarily as a tool to drive improvement by removing the automatic requirement to run a competitive tender process based on contract value. While this does present a risk to the business, the removal of the automatic need to procure is likely to be positive in allowing the group to retain contracts where services are demonstrably performing well for service users and communities.

HCRG Care Group Holdings Ltd

Strategic Report for the Year Ended 31 March 2022

Principal risks and uncertainties (continued)

Shortage of qualified professionals and the UK's departure from European Union

Across England, there are shortages in some key professionalisms which enhances the significant risk regarding the retention and recruitment of qualified professionals.

This is further compounded by regular changes to the Agenda for Change pay deal. The risk is mitigated in practice as national pay awards are routinely funded through changes to annual contract prices by reference to an NHS inflation adjustment (in NHS contracts) or through increases in the Public Health ring-fenced grant which are transferred to providers (in Local Authority contracts).

Short lead in time for new contracts

The HCRG Care Group continues to bid for large contracts which sometimes have short lead-in times. The directors must ensure the business has the resources and management processes in place to safely mobilise more than one large contract at a time.

The directors are satisfied that such matters are properly discussed by the Board and are adequately resourced.

Future developments

The continued provision of high-quality services and safety remains a top priority for 2022-23, as does retaining existing service contracts and growing sustainably in order to deliver the organisation's purpose: to change lives by transforming health and care. The Board has aligned on three strategic aims: transformation, growth and sustainability, underpinned by the following strategic priorities and objectives:

Delivery of Transformation

- Drive tangible quality outcomes to promote the success and impact of our transformational work, by:
- Be a responsive provider, meet the expectations of our customers/stakeholders
- Empower leaders to drive a culture of transformation & change across the organisation
- Attract, retain and develop a high performing and sustainable workforce

Growth

- Continue to grow and retain key contracts in focused areas where we can make a difference
- Leverage existing market strength
- Diversify into non-public funded market segments
- Utilise mergers and acquisitions to supplement the growth plan and add strategic capabilities

Sustainable and efficient business

- Maintain financial sustainability
- Achieve internal efficiencies to deliver improved business results and effective processes

HCRG Care Group Holdings Ltd

Strategic Report for the Year Ended 31 March 2022

HCRG Care Group Section 172(1) statement

General confirmation of Directors' duties

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making; the Board of HCRG Care Group confirm that they have adhered to section 172 obligations and welcome the opportunity to demonstrate how this has been achieved in the financial year ended 31 March 2022.

The likely consequences of any decision in the long term

The Directors have a number of ways in which they ensure that any decision made takes consideration of the long-term impact it may have, examples of which include:

Delegation of Authority

As detailed in the Wates Statement (<https://www.hcrgcaregroup.com/legal-information/>) the HCRG Care Group Board has a comprehensive framework for determining matters requiring Board review and approval and those day to day decisions delegated to employees, through the Scheme of Reservation and Delegation ("SORD"). During the 2020/21 financial year, decision-making processes were adapted to enable the organisation to be agile in its response to the pandemic and temporary changes were made to the SORD to allow this to be done in a controlled manner. Over the course of 2021/22 some of these changes were rolled back to reflect the gradual resumption of usual governance processes following the height of the pandemic and at the end of the 2021/22 financial year the SORD underwent a full review and update to give the Executive Committee and new Board improved oversight of new contracts and other significant financial commitments.

Strategic planning

On 1 December 2021, Virgin Care was acquired by Twenty20 Capital and rebranded as HCRG Care Group, bringing together the two organisations' strengths, capability and expertise in the health and care services sector. This transaction helps enable the business to develop additional services that enhance both the quality of provision and the value given back to health and care commissioners.

The organisational strategy is set by the Board and, as highlighted in the 'Wates Statement - principle 4', a 3-year strategy was approved in 2019-20. The strategy was broken down into annual critical projects and in 2020/21 an assessment was made to ensure that organisational focus was on addressing the issues brought up by the pandemic.

As some of the pressures of the pandemic have begun to ease over the 2021/22 financial year, we have been able to re-focus on our long-term strategy. Following the acquisition in December 2021 and subsequent rebranding as HCRG Care Group, the organisation has naturally entered a new phase. A revised three-year strategy was therefore approved at the very end of the 2021/22 financial year with a view to building upon what has already been developed whilst focusing on transformation, growth and efficiency as the company moves forward under its new ownership.

The interests of the company's employees

The Board ensures that the interests of employees are always at the forefront of deliberations. Examples of how employees are engaged and considered when making decisions are highlighted below.

HCRG Care Group Holdings Ltd

Strategic Report for the Year Ended 31 March 2022

Section 172(1) statement (continued)

Colleague engagement

Over the past year colleague engagement has remained fundamental to ensuring we focus on colleague wellness during another challenging year for health and social care staff across the country. We have ensured that colleagues feel they are being kept informed with regular updates from senior leadership, including a monthly video message from our CEO Stephen Collier

In addition, throughout 2021/22 we held Ask Us Anything live virtual events which provided colleagues across the business with the opportunity to ask questions of the Executive team on any subject. We also held live chats on the Intranet to allow colleagues to ask other teams questions and discuss different topics, including apprenticeships, learning opportunities and infection prevention control.

We deliver more than 400 services across the country and our ability as an organisation to communicate with our thousands of frontline workers - many of whom are working on shifts 24 hours a day, seven days a week - has proved to be effective in helping our services remain adaptable.

We have continued to empower our colleagues to question and challenge and if there are concerns about something at work we encourage and support them to speak up. To make this as easy as possible we have Freedom to Speak up Guardians providing independent and impartial advice and an anonymous online reporting system.

We have continued to maintain and develop our wellness centre to provide help and support to colleagues; this is found on our intranet and includes information on tools, places and people that can be used to help colleagues manage their personal health and wellbeing, whether through face to face conversations, our online wellbeing platforms or through occupational health. In response to feedback from colleagues, at the start of the 21/22 financial year we also launched Wagestream, a financial wellbeing tool which allows colleagues to track, access, save and manage their finances as well as giving them access to a range of education tools to support them in managing their money well.

At the beginning of the 2021/22 financial year we carried out a Future Ways of Working survey to build a picture of how, when and where colleagues feel they do their best work so they can find a better balance between work, home, and other aspects of their life. Over the course of the year, we have taken steps to implement changes to support the results of that survey, creating new tools, policies and training to enable more flexible ways of working. These include encouraging teams to agree Working Together Agreements in which they can make mutual commitments about how they want to work together to support each other's wellbeing and maximise flexibility.

Rewarding and encouraging our colleagues' exceptional skills and efforts remains at the heart of our organisation. Despite ongoing challenges caused by the pandemic, we still held an annual colleague awards event, bringing colleagues together virtually to celebrate their successes.

We also recruited a panel of colleagues to allocate grants from our Innovation Fund, which provides money to colleagues for 'seed' funding for self-sustaining projects, or to purchase equipment or resources that will continue to make a difference over at least one year, from a £100,000 annual pot.

HCRG Care Group Holdings Ltd

Strategic Report for the Year Ended 31 March 2022

Section 172(1) statement (continued)

Objectives, appraisals and development

A rigorous approach is taken to objective setting and appraisals, ensuring all colleagues' objectives are linked to organisational objectives and that each and every colleague has the opportunity to talk about delivery of their objectives and their personal development twice a year. This year has been no different and there has been a focus on ensuring that colleagues have the opportunity to speak to their managers regularly.

Our employee engagement scores are measured by using the results of our Have Your Say survey each year. It is made up of 19 key statements that demonstrate how engaged our colleagues are with the organisation. The score itself is based on the percentage of respondents that 'agree' or 'strongly agree' with each of the 19 statements. In September 2021 we were pleased to maintain 2020's score of 74%, up from 69% in 2019, despite the challenges which have arisen as a result of the pandemic.

The Learning Enterprise (TLE) is HCRG Care Group's training and development arm, delivering clinical and non-clinical training and development programmes for health and care professionals. Over the course of the year TLE has supported the business in gradually moving away from the pandemic reliance on e-learning as other forms of training have become practicable once more. TLE has continued to deliver virtual classroom courses which are available to any organisation in the health and social care sector on topics in quality, safety, leadership and clinical training. A total of 2,675 virtual classroom sessions were offered with 15,848 colleagues attending.

After being inspected by Ofsted at the beginning of October, TLE were proud to secure an overall rating of Outstanding, with inspectors commending an approach which helps learners to "develop increased resilience, confidence and self-esteem."

The need to foster the company's business relationships with suppliers, customers and others

The Directors regularly receive updates on a variety of topics that indicate and inform how customers, suppliers and other stakeholders have been engaged. These range from information provided from the HCRG Care Group's finance and procurement teams (in relation to suppliers and supplier contract management topics) to information provided by operational teams in relation to contract performance (concerning customer relationships).

As highlighted in the Wates Statement principle 6 (<https://www.hrcgcaregroup.com/legal-information/>), HCRG Care Group has a wide range of stakeholders who are key to delivering the strategy and providing first class care. Working in partnerships is not something new for HCRG Care Group - it is part of our DNA and over the past year maintaining our relationships with our stakeholders has been key to enabling us to continue to deliver effective and safe services and allowing us to support wider NHS and Social Care partners in continuing to deliver services. We send bulletins and newsletters to our key stakeholders (including Commissioners, partner organisations, MPs and councillors) advising of our latest news and any announcements as they happen. Below you will see examples of the exemplary work that has been undertaken across our services during the past year.

System Partners: Our Clinical Lead for Community and Specialist Nurses in Surrey worked with 20 community nursing team leaders across England on the Guiding Light programme for effective workplace cultures, commissioned by NHS England to capture and analyse the impact of Covid-19 on colleagues' working arrangements.

Service users: 'Family voice' - the voice of the child or young person and family - is integral to the Essex Business Unit's service delivery and is a standing agenda item within the service's monthly Service Performance and Quality Review meetings. Service user feedback is used to inform future service developments and delivery.

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Strategic Report for the Year Ended 31 March 2022

Section 172(1) statement (continued)

Local Authority Commissioners: In Wiltshire, the Children's Community Nursing team have worked closely with Commissioners to provide an improved support package to service users and to ensure the needs of families are met. They have worked together with a medical equipment company to ensure specialist equipment items become standard stock, ensuring that all annual servicing and out of hours support for equipment can be provided directly in the home, making the service more convenient for families.

CQC and Ofsted: As a provider of health and social care, Care Quality Commission standards must be met. We run our own internal inspections and have robust online governance and reporting systems to monitor how services are doing. We work in a collaborative and transparent manner with our regulators to enable good service user outcomes and 100% of our services have been rated as good or outstanding with TLE also obtaining an outstanding assessment following its first full Ofsted inspection.

Care Homes and Commissioners: The Community Emergency Response Team in West Lancashire has been working with the Commissioning support unit and CCG to provide care to a number of discharged patients within care homes. They are trusted as to ensure safe and fast discharges, often providing additional support for the following 28 days within the home.

Local MPs and councillors: We reached out to key local MPs and councillors during 2021/22 to update them on our work and invite them to meet our managing directors and senior managers to find out more about what we do in their area. This resulted in a number of positive meetings.

The impact of the company's operations on the community and the environment

Delivering high quality services for communities is what we do as an organisation. We are therefore very conscious of the impact we make in communities and understand the importance of focusing not just on the services we deliver, but also on the communities we serve. We don't have a one-size-fits-all approach; instead we tailor our services to each of the areas we work in, partnering with commissioners, colleagues and local people and organisations to deliver a unique service, based around the needs of the local community.

Examples of how we have still managed to do this over the past year include:

Over the last 12 months the West Lancashire Partnership has created the Provider Alliance Group (PAG), working as a coalition of system partners to develop clinical pathways and strengthen the support we can offer to the residents of West Lancashire. PAG has produced an Out of Hospital Services Surge Plan to identify and respond to pressures within services and ensure residents can continue to use local services rather than attending A&E. PAG also works with residents to define and agree the main priorities for development in the coming year.

The Family Nurse Partnership in Wiltshire has continued to progress its work on improving fathers' engagement with the programme and undertook a survey to record the number of fathers participating in the programme and to elicit their views on the enablers and barriers to their engagement with community services

The Green Plan: Climate change, air pollution and waste present enormous challenges to the country, to the world and to future generations. Our purpose is to change lives by transforming health and care and our Green Plan, which was first implemented in 2020, sets out how we make sure we will use resources efficiently to deliver high quality, safe and sustainable services over the next 5 years. A copy of the full plan is available on the company's website at www.hrcrgcaregroup.com and copies of local action plans have been provided to the organisation's public sector commissioners.

HCRG Care Group Holdings Ltd

Strategic Report for the Year Ended 31 March 2022

Section 172(1) statement (continued)

In 21/22 we launched a Green campaign to engage colleagues in our Green Plan through a bespoke section on our Intranet which invited colleagues to play Green games, make a Green pledge and offer Green tips on a discussion board. Colleagues were also recruited to be Green Champions to help embed environmentally-friendly practices across the business.

Social mobility: It is vital that as a forward-thinking employer we ensure those from all backgrounds have equal access to healthcare. In Lancashire the Empowering Parents Empowering Communities (EPEC) programme successfully trained the first team of volunteers who are providing additional support to parents in Burnley. EPEC is designed to maximise parent engagement and outcomes. EPEC has a highly successful record of reaching parents experiencing social and economic disadvantage, social exclusion, and families from minority cultures and communities.

Apprenticeships:

We are proud of the continual high standard of training offered and delivered through TLE. Supporting our colleagues in their personal and professional development is a continual commitment.

We have a highly performing apprenticeship delivery team who support and develop the careers of our colleagues and, despite the ongoing challenges following the pandemic, we have seen 176 colleagues on apprenticeship programmes during the year and supported 53 apprentices in successfully completing their apprenticeship programme.

TLE's Outstanding Ofsted report gave highly positive feedback on the Apprenticeship Programme and inspectors were particularly impressed with how, through TLE training, apprentices were able to "demonstrate outstanding resilience to work and study while the pandemic" continued "to place additional pressures on the health and social care sector."

The desirability of the company maintaining a reputation for high standards of business conduct

Below we have selected a few areas that demonstrate how we have maintained high standards of business conduct:

Commissioners

We work closely with our Commissioners and believe having strong relationships is fundamental to delivering high quality services. These relationships are built at bidding stage and continue all the way through the life of the contract. As demonstrated above, we have worked closely with our Commissioners over the past year to ensure we continued to deliver first class service, whilst also supporting other providers in their provision.

Information Governance

As a data controller we have a legal and ethical duty to keep the records we hold confidential. The confidentiality and security of information is very important to us. We take the utmost care when handling personal and confidential information and ensure that we have appropriate organisational and technical security measures in place to prevent unauthorised access, accidental damage, destruction or loss.

HCRG Care Group Holdings Ltd

Strategic Report for the Year Ended 31 March 2022

Section 172(1) statement (continued)

Examples of how we do this include: Induction and annual refresher Information Governance training of staff to understand their duty of confidentiality and their responsibilities regarding data security and confidentiality of patient and other personal data; annual completion and submission of the NHS Digital's Data Security and Protection Toolkit (DSPT); ensuring that data protection by design and default is built into our processes, completing due diligence and imposing contractual obligations on providers and persons working under our instruction.

Gender Pay

As a Board we are committed to closing the gender pay gap in our organisation, the current overall pay gap is 25.12% mean (8.7% median) and we have a number of measures in place to reduce this, including introducing 'blind CV's' to the process to eliminate unconscious bias in the shortlisting phase, continuing to develop and monitoring our Pay and Reward policy to include more guidance and practical support for ensuring fair and equitable pay. More information can be found on our website: <https://www.hrcrgcaregroup.com/legal-information/gender-pay-gap-report-2022/>.

Modern slavery

In August 2022, the Board approved the annual Modern Slavery Act Statement. The statement can be found at: <https://www.hrcrgcaregroup.com/legal-information/modern-slavery-act/>. HCRG Care Group is committed to observing high ethical standards and does this not only to comply with laws and regulations but because we want to earn and maintain the trust of our service users, colleagues and partners. We believe that success and reputation is not only dependent on the quality of the services we deliver, but also on the way we do business. We share the majority of our supply chain with the state-operated NHS, and all organisations supplying the NHS are subject to the NHS Code of Conduct on Ethics and Labour.

Our frontline teams are trained to appropriate levels in Safeguarding for their role, and this training - which is completed annually - includes material on identifying signs of modern slavery and human trafficking among the people who use the services we run.

At the beginning of the 21/22 year we also launched our brand new safeguarding training suite in response to new intercollegiate guidelines. Throughout the year the TLE team focused on ensuring all colleagues attended the newly expanded training offer and at the end of the 21/22 financial year 92% of colleagues had attended Level 1 training which includes a modern slavery e-learning package.

Our shareholders

HCRG Care Group Holdings Ltd is owned by T20 Pioneer Midco Limited. All decisions made have due regard to all members of the company.

Approved and authorised by the Board on 21 December 2022 and signed on its behalf by:



.....
D J Deitz
Director

HCRG Care Group Holdings Ltd

Directors' Report for the Year Ended 31 March 2022

The Directors present their report and the for the year ended 31 March 2022.

Change of Company name

The Company changed its name from Virgin Healthcare Holdings Limited to HCRG Care Group Holdings Ltd effective from 6 December 2021.

Directors of the group

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

D W Bennett - Director (ceased 30 November 2021)

D J Deitz - Director

V M McVey - Director (ceased 15 July 2022)

M G Medlicott - Director (ceased 30 November 2021)

C L Ng - Director (ceased 30 November 2021)

A E Waters - Director (ceased 30 November 2021)

T20 Pioneer Holdings Limited - Director (appointed 30 November 2021)

I J Munro - Director (appointed 30 November 2021)

The following director was appointed after the year end:

S J Collier - Director (appointed 24 May 2022)

Results and dividends

The total comprehensive profit of the Group for the financial year, after taxation, amounted to £3,493,000 (2021: profit of £4,220,000). The directors do not recommend the payment of a dividend for 2022 (2021: £Nil).

The total comprehensive loss of the Company for the financial year, after taxation, amounted to £1,777,000 (2021: loss of £1,980,000).

HCRG Care Group Holdings Ltd

Directors' Report for the Year Ended 31 March 2022

Corporate Governance

The Group follows the Wates Corporate Governance Principles for large private companies and has applied these for the year ended 31 March 2022. The Group has also applied the Wates principles as an appropriate framework when making disclosures regarding corporate governance arrangements.

The full Wates Statement can be found on our website at www.hcrgcaregroup.com/legal-information.

Key examples of how we have applied these principles include:

Remuneration

The Company's Remuneration Committee considers the most appropriate means of attracting and retaining quality Executive Team members, who can support the delivery of our strategic aim.

The Remuneration Committee has clear terms of reference and its remit includes signing off and approval of targets for any performance-related pay schemes operated by the organisation. Alongside this, the Remuneration Committee provides independent governance of the remuneration of the Executive Team, and undertakes market analysis and benchmarking to deliver this effectively.

Stakeholder Relationships

Building and maintaining relationships with stakeholders is key to delivering our strategy and we ensure that stakeholder relationships are aligned to the company's purpose of changing lives by transforming health and care.

Over the past year we have worked closely with all of our stakeholders and you will see examples of the work we have carried out in our Section 172 statement, which can be found in the Strategic Report.

Opportunity and Risk

Annual critical projects are implemented to address short term opportunities to improve operational and financial performance and ensure delivery of transformation. As some of the pressures of the pandemic have begun to ease over the 2021/22 financial year, we have been able to begin to re-focus on our longer-term strategy.

Following the acquisition in December 2021 and subsequent rebranding as HCRG Care Group, the organisation has naturally entered a new phase. A revised three-year strategy was therefore approved at the very end of the 2021/22 financial year with a view to building upon what has already been developed whilst focusing on transformation, growth and efficiency as the company moves forward under its new ownership.

As an organisation we ensure that all opportunities are assessed on a risk-reward basis. Over the past year we have continued to develop the 'Governance' (G) Process which was expanded in 2020/21 to incorporate not only bids but also other changes, growth opportunities and innovations we might put in place. This allowed us to assess, in one place, all of the opportunities we have to both grow the business and to develop and innovate in our services, which provides us with the right governance structure to allow us to deliver our purpose of changing lives by transforming health and care.

Purpose and Leadership

As an organisation we partner with the NHS and Local Authorities to change lives by transforming health and care. We don't have a one size fits all solution because every service we provide is designed around the needs of the local population.

On 1 December 2021, Virgin Care was acquired by Twenty20 Capital and rebranded as HCRG Care Group, bringing together the two organisations' strengths, capability and expertise in the health and care services sector. This transaction helps enable the business to develop additional services that enhance both the quality of provision and the value given back to health and care commissioners.

HCRG Care Group Holdings Ltd

Directors' Report for the Year Ended 31 March 2022

Our values, thinking, caring and doing, reflect the way we work and are supported with a 'behaviours framework' setting out how colleagues across the organisation can bring our culture and values to life and deliver on our purpose every day.

Employment of disabled persons

Under the Group's equal opportunities policy, the company ensures that all employees are treated equally do not discriminate on the grounds of disability, gender, marital status, race, ethnic origin, colour, nationality, national origin, sexual orientation, religion or age.

Employee involvement

The Group encourages employee involvement in its affairs. The Group produces a weekly electronic newsletter which keeps employees abreast of developments. Senior management within the Group meet regularly to review strategic developments and an annual event is held at which all staff can come together and share ideas.

Dialogue takes place regularly with employees' representatives on a wide range of issues. Employees are able to share in the Group's results through the employee bonus scheme.

Employee views are also sought through regular employee satisfaction questionnaires, both within business units and across the Group. Following such surveys, results are shared with employees and action plans are put in place to deal with issues arising.

The Group places considerable emphasis on the development of its employees through individual development plans, and training. The Learning Enterprise provides links to NHS and other external training programmes and gives all staff access to high quality, accredited training.

The Group annually runs the 'Stars of the Year' awards, which are peer nominated awards to recognise those staff who embody the core values of the business.

A talent management programme to focus on the identification and development of our high potential staff continued to operate during the year.

HCRG Care Group Holdings Ltd

Directors' Report for the Year Ended 31 March 2022

Environmental matters

We are conscious of our duty to use resources responsibly and to minimise any environmental impacts of our business activities. This is not only the right thing to do but has also been identified as an issue that our employees care about. We use leased facilities both in Hospitals, Offices and Medical facilities and incur transport expenditure operating several contracts.

We have a Green working group that will continue to look at opportunities to reduce our energy consumption.

We have clear objectives to reduce energy consumption and waste production within our office and medical environments.

The company has taken the exemption not to disclose its individual energy consumption and energy usage is included in the financial statements of Twenty20 Capital Investments Limited.

Further details on engagement with suppliers, customers and others can be found in the Strategic Report.

Going concern

The directors have prepared the financial statements on the going concern basis for the reasons set out in note 2 to the financial statements.

Subsequent events

On 16th August 2022 a new wholly owned subsidiary of HCRG Care Services Ltd was incorporated and purchased 90% of CMB Healthcare Holdings Ltd on 26 September 2022. The transaction included the purchase of CMB Healthcare Holdings Ltd's two wholly owned subsidiaries; HCRG Medical Services Limited and CRG Medical Services Ltd, both of which are 90% indirectly owned by HCRG Care Services Ltd.

Directors' liabilities

During the year, and at the date of signing this report, the Company maintained liability insurance and third party indemnification provisions for its directors, under which the Company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company and any of its associated companies.

Disclosure of information to the auditor

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 auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

The auditor, Saffery Champness LLP, were appointed during the year and will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

Approved and authorised by the Board on 21 December 2022 and signed on its behalf by:



.....
D J Deitz
Director

HCRG Care Group Holdings Ltd

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' 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 Accounting standards and applicable law (United Kingdom Generally Accepted Accounting Practice).

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 Group and the profit and loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

HCRG Care Group Holdings Ltd

Independent Auditor's Report to the Members of HCRG Care Group Holdings Ltd

Opinion

We have audited the financial statements of HCRG Care Group Holdings Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and the parent Company's affairs as at 31 March 2022 and of the group's profit 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 group 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.

HCRG Care Group Holdings Ltd

Independent Auditor's Report to the Members of HCRG Care Group Holdings Ltd

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. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- reviewing the group's cash flow forecasts for the period to 31 March 2025 and considering the completeness and accuracy of the future cash flows assessed against existing contractual arrangements;
- considered the assumptions applied in the directors' sensitivity analysis applied to the base case scenario to develop their worst case scenario, including assumptions around revenue growth and cost management opportunities, sensitising the results including changing the amount of revenue receipts to ensure that there is enough headroom in the forecasts; and
- reviewing the adequacy of disclosures made within the financial statements on the going concern basis of preparation.
- carrying out a review of post year end results and comparing these to expectations
- receiving details of post balance sheet events and reviewing the impact of these on forecasts and management assumptions

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 group'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.

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

In the light of 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 or 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:

HCRG Care Group Holdings Ltd

Independent Auditor's Report to the Members of HCRG Care Group Holdings Ltd

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 16], 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

HCRG Care Group Holdings Ltd

Independent Auditor's Report to the Members of HCRG Care Group Holdings Ltd

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent company by discussions with directors and updating our understanding of the sector in which the group and parent company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, and UK Tax legislation. Further, the company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements; through a significant fine, litigation or restrictions on the company's operations. We identified the most significant laws to be UK employment laws and labour standards and the industry standards set by the Care Quality Commission.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

As group auditors, our assessment of matters relating to non-compliance with laws or regulations and fraud differed at group and component level according to their particular circumstances. Our communications included a request to identify instances of non-compliance with laws and regulations and fraud that could give rise to a material misstatement of the group financial statements in addition to our risk assessment.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

HCRG Care Group Holdings Ltd

Independent Auditor's Report to the Members of HCRG Care Group Holdings Ltd



.....
Simon Kite BSc FCA (Senior Statutory Auditor)

For and on behalf of Saffery Champness LLP, Chartered Accountants, Statutory Auditors

Trinity
16 John Dalton Street
Manchester
M2 6HY

Date: 21 December 2022
.....

HCRG Care Group Holdings Ltd

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2022

	Note	2022 £ 000	2021 £ 000
Turnover	3	248,354	242,942
Cost of sales		<u>(225,468)</u>	<u>(223,422)</u>
Gross profit		22,886	19,520
Administrative expenses		<u>(19,435)</u>	<u>(17,370)</u>
Operating profit	4	<u>3,451</u>	<u>2,150</u>
Other interest receivable and similar income	5	1	6
Interest payable and similar expenses	6	<u>(1,502)</u>	<u>(2,063)</u>
		<u>(1,501)</u>	<u>(2,057)</u>
Profit before tax		1,950	93
Tax on profit	10	<u>1,608</u>	<u>4,137</u>
Profit for the financial year		<u>3,558</u>	<u>4,230</u>
Profit/(loss) attributable to:			
Owners of the Company		3,493	4,220
Non-controlling interest		<u>65</u>	<u>10</u>
		<u>3,558</u>	<u>4,230</u>
Total comprehensive income attributable to:			
Owners of the Company		3,493	4,220
Non-controlling interest		<u>65</u>	<u>10</u>
		<u>3,558</u>	<u>4,230</u>

The above results were derived from continuing operations.


HCRG Care Group Holdings Ltd

(Registration number: 03201165)

Consolidated Statement of Financial Position as at 31 March 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Intangible assets	11	29	35
Tangible assets	12	3,360	3,007
		<u>3,389</u>	<u>3,042</u>
Current assets			
Stock	14	286	263
Debtors	15	30,043	25,558
Cash at bank and in hand		14,280	9,842
		<u>44,609</u>	<u>35,663</u>
Creditors: Amounts falling due within one year	17	<u>(33,241)</u>	<u>(78,337)</u>
Net current assets/(liabilities)		<u>11,368</u>	<u>(42,674)</u>
Total assets less current liabilities		14,757	(39,632)
Creditors: Amounts falling due after more than one year	17	(168)	(21,541)
Provisions for liabilities	18	<u>(8,087)</u>	<u>(5,588)</u>
Net assets/(liabilities)		<u>6,502</u>	<u>(66,761)</u>
Called up share capital	20	4	4
Share premium reserve	21	72,917	25,998
Capital contribution reserve	21	22,786	-
Retained earnings	21	<u>(89,271)</u>	<u>(92,889)</u>
Equity attributable to owners of the company		6,436	(66,887)
Non-controlling interest		<u>66</u>	<u>126</u>
Shareholders' funds/(deficit)		<u>6,502</u>	<u>(66,761)</u>

Approved and authorised by the Board on 21 December 2022 and signed on its behalf by:



.....
D J Deitz
Director

The notes on pages 28 to 53 form an integral part of these financial statements.

HCRG Care Group Holdings Ltd

(Registration number: 03201165)

Company Statement of Financial Position as at 31 March 2022

	Note	2022 £ 000	2021 £ 000
Current assets			
Debtors	15	9,044	1
Cash at bank and in hand		<u>2,694</u>	<u>2</u>
		11,738	3
Creditors: Amounts falling due within one year	17	<u>(8,000)</u>	<u>(19,806)</u>
Total assets less current liabilities		3,738	(19,803)
Creditors: Amounts falling due after more than one year	17	-	(21,529)
Provisions for liabilities	18	<u>-</u>	<u>(73)</u>
Net assets/(liabilities)		<u>3,738</u>	<u>(41,405)</u>
Called up share capital	20	4	4
Share premium reserve		72,917	25,998
Retained earnings		<u>(69,183)</u>	<u>(67,407)</u>
Shareholders' funds/(deficit)		<u>3,738</u>	<u>(41,405)</u>

The company made a loss after tax for the financial year of £1,776,403 (2021 - loss of £1,979,618).

Approved and authorised by the Board on 21 December 2022 and signed on its behalf by:



.....
D J Deitz
Director

HCRG Care Group Holdings Ltd

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2022 Equity attributable to the parent company

	Share capital £ 000	Share premium £ 000	Capital contribution reserve £ 000	Retained earnings £ 000	Total £ 000	Non- controlling interests £ 000	Total equity £ 000
At 1 April 2021	4	25,998	-	(92,889)	(66,887)	126	(66,761)
Profit for the year	-	-	-	3,493	3,493	65	3,558
New share capital subscribed	-	46,919	-	-	46,919	-	46,919
Other capital contribution reserve movements	-	-	22,786	-	22,786	-	22,786
Other movements on reserves	-	-	-	125	125	(125)	-
At 31 March 2022	4	72,917	22,786	(89,271)	6,436	66	6,502
						Non- controlling interests £ 000	
At 1 April 2020	4	25,998	-	(97,109)	(71,107)	116	(70,991)
Profit for the year	-	-	-	4,220	4,220	10	4,230
At 31 March 2021	4	25,998	-	(92,889)	(66,887)	126	(66,761)

The notes on pages 28 to 53 form an integral part of these financial statements.
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HCRG Care Group Holdings Ltd

Statement of Changes in Equity for the Year Ended 31 March 2022

At 1 April 2021	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
Loss for the year	4	25,998	(67,407)	(41,405)
New share capital subscribed	-	-	(1,776)	(1,776)
At 31 March 2022	-	46,919	-	46,919
	4	72,917	(69,183)	3,738
	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2020	4	25,998	(65,427)	(39,425)
Loss for the year	-	-	(1,980)	(1,980)
At 31 March 2021	4	25,998	(67,407)	(41,405)

The notes on pages 28 to 53 form an integral part of these financial statements.

HCRG Care Group Holdings Ltd

Consolidated Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £ 000
Cash flows from operating activities		
Profit for the year		3,493
Adjustments to cash flows from non-cash items		
Depreciation and amortisation	4	1,682
Finance income		(1)
Finance costs		1,501
Share of profit/loss of equity accounted investees		65
Income tax expense	10	<u>(1,608)</u>
		5,132
Working capital adjustments		
Increase in stock	14	(23)
Increase in debtors	15	(664)
Increase in creditors	17	787
Increase in provisions	18	<u>2,499</u>
Net cash flow from operating activities		<u>7,731</u>
Cash flows from investing activities		
Interest received		(1)
Acquisitions of tangible assets		(1,999)
Acquisition of intangible assets	11	<u>(29)</u>
Net cash flows from investing activities		<u>(2,029)</u>
Cash flows from financing activities		
Interest paid		(1,501)
Payments to finance lease creditors		<u>237</u>
Net cash flows from financing activities		<u>(1,264)</u>
Net increase in cash and cash equivalents		4,438
Cash and cash equivalents at 1 April		<u>9,842</u>
Cash and cash equivalents at 31 March		<u><u>14,280</u></u>

The notes on pages 28 to 53 form an integral part of these financial statements.

HCRG Care Group Holdings Ltd

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

1 General information

The company is a private company limited by shares and is incorporated and domiciled in the England and Wales. The registered office is The Heath Business and Technical Park, Runcorn, Cheshire, United Kingdom QA7 4QX.

The group consists of HCRG Care Group Holdings Ltd and all of its subsidiaries.

The Company was formerly known as Virgin Healthcare Holdings Limited.

These financial statements were authorised for issue by the Board on 21 December 2022.

2 Accounting policies

1.1 Accounting convention

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.

The Company transitioned to FRS 102 from FRS 101 effective 1 April 2020. Comparative figures have been amended to comply with FRS 102, further information can be found in Note 24.

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'.

The prior year signed and filed financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006

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

HCRG Care Group Holdings Ltd

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

2 Accounting policies (continued)

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March 2022.

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

The results of subsidiaries acquired or disposed of during the year are included in the from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

HCRG Care Group Holdings Ltd

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

2 Accounting policies (continued)

Going concern

The Company is head company of the 'HCRG Care Group'. The Company's parent entity is T20 Pioneer Holdings Limited and is ultimately controlled by Twenty20 Capital Limited and IJM Limited.

The Directors have prepared cash flow forecasts at a HCRG Care group level to determine whether the entities within the control of HCRG Group Holdings Limited, the parent of the group, can continue as a going concern. It is the intention of the Directors to utilise funds across the HCRG Care Group as required, to ensure all entities can meet liabilities as they fall due.

The Directors have prepared HCRG Care Group cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the HCRG Care Group will have sufficient funds, generated from operations, to meet its liabilities as they fall due for that period. Reasonably possible downside scenarios include a no growth model where no additional contracts are won across the forecast period. In this scenario the HCRG Care Group has sufficient funds to operate as a going concern. The impact of COVID-19 including returning to normality has been considered within the forecasts made by the HCRG Care Group.

The company is the parent entity of the HCRG Care Group and provides finance to the rest of the group, it is also part of the group wide central cash pooling arrangement. Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The directors have considered the intent of T20 Pioneer Holdings Limited to continue to support the business as a going concern and consider this to be the case.

Revenue recognition

Revenue from services is recognised by reference to the stage of completion of the contract determined by the value of the services provided at the balance sheet date as a proportion of the total value of the engagement. Where the amount of revenue is contingent on future events, this is only recognised where the amount of revenue can be measured reliably and it is probable that the economic benefits will be received. When this cannot be estimated reliably, revenue is only recognised to the value of the expenses that it is considered probable will be recovered, with a "catch-up" element of revenue recognised based on stage of completion once a reliable estimate can be made. Consultancy services provided to the client which at the balance sheet date have not been billed have been recognised as revenue and are included in debtors as accrued income.

Finance income and costs policy

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

HCRG Care Group Holdings Ltd

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

2 Accounting policies (continued)

Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss account, except that a change attributable to an item of income and 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 balance sheet date in the countries where the Company operates and generates taxable income.

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

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Tangible assets

Property, plant and equipment is stated at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of Property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Straight-line over 5 years (or life of lease)
Medical equipment	Straight-line over 3 years
Motor vehicles	Straight-line over 3 years
Computer and office equipment	Straight-line over 3-4 years

HCRG Care Group Holdings Ltd

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

2 Accounting policies (continued)

Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Software has an estimated economic life of five years. It is amortised to the profit and loss account over its estimated economic life on a straight-line basis.

Investments

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

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.

Financial instruments

The group has elected to apply the provisions of section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets are classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably at cost less impairment.

HCRG Care Group Holdings Ltd

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

2 Accounting policies (continued)

Impairment of financial assets

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

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

If there is a 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 the profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in fair value of derivatives are recognised in the profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

HCRG Care Group Holdings Ltd

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

2 Accounting policies (continued)

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

Stocks

Stock is stated at the lower of cost and net realisable value.

At each reporting date, stock is assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised based on the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Holiday pay accrual

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

HCRG Care Group Holdings Ltd

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

2 Accounting policies (continued)

Leases

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Finance lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Where the Company has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued and expensed in profit or loss as the 'wear and tear' occurs.

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 scheme

HCRG Care Group Holdings Ltd

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

2 Accounting policies (continued)

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable the company to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the company of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”.

An outline of these follows:

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes.

The valuation of the scheme liability as at 31 March 2021, is based on valuation data as at 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay. The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process.

HCRG Care Group Holdings Ltd

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

2 Accounting policies (continued)

The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuation

Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Bad debt provision

Management review the aged debtors listing for any slow moving debts. If it is deemed probable that they will not be able to recover the debt a provision is made in the financial statements.

Deferred tax asset

The group recognises a deferred tax asset to the extent that it is probable that future taxable profit will be available against which unused tax losses can be utilised. Following a period of reconstruction, the Group considers that future taxable profits can now be estimated more reliably and is therefore recognising the asset.

3 Turnover

The analysis of the group's turnover for the year by class of business is as follows:

	2022 £ 000	2021 £ 000
Rendering of services	248,354	242,942

All turnover arose within the United Kingdom

HCRG Care Group Holdings Ltd

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

4 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£ 000	£ 000
Depreciation expense	1,648	1,409
Amortisation expense	36	1,072
Operating lease expense - property	8,085	9,007
Operating lease expense - plant and machinery	198	212
Operating lease expense - other	285	434
	<u>285</u>	<u>434</u>

5 Other interest receivable and similar income

	2022	2021
	£ 000	£ 000
Interest income on bank deposits	1	6
	<u>1</u>	<u>6</u>

6 Interest payable and similar expenses

	2022	2021
	£ 000	£ 000
Other finance costs	-	1,353
Interest payable on loans from group undertakings	1,502	710
	<u>1,502</u>	<u>2,063</u>

7 Staff costs

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

	2022	2021
	£ 000	£ 000
Wages and salaries	128,547	126,122
Social security costs	12,607	11,932
Pension costs, defined contribution scheme	16,121	12,829
	<u>157,275</u>	<u>150,883</u>

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

	2022	2021
	No.	No.
Registered	2,447	2,528
Non-registered	2,204	2,379
	<u>4,651</u>	<u>4,907</u>

HCRG Care Group Holdings Ltd

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

8 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2022	2021
	£ 000	£ 000
Remuneration	1,134	544
Contributions paid to money purchase schemes	20	67
	<u>1,154</u>	<u>611</u>

During the year the number of Directors who were receiving benefits and share incentives was as follows:

	2022	2021
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	<u>4</u>	<u>4</u>

In respect of the highest paid Director:

	2022	2021
	£ 000	£ 000
Remuneration	621	417
Company contributions to money purchase pension schemes	<u>13</u>	<u>13</u>

9 Auditors' remuneration

	2022	2021
	£ 000	£ 000
Audit of the financial statements of the group and company	56	38
Audit of the financial statements of the company's subsidiaries	<u>74</u>	<u>252</u>
	<u>130</u>	<u>290</u>

HCRG Care Group Holdings Ltd

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

10 Taxation

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

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	-	(4,119)
UK corporation tax adjustment to prior periods	2,286	-
	<u>2,286</u>	<u>(4,119)</u>
Deferred taxation		
Current year	(2,958)	-
Change in deferred tax rate	(936)	(18)
Total deferred taxation	<u>(3,894)</u>	<u>(18)</u>
Tax receipt in the income statement	<u>(1,608)</u>	<u>(4,137)</u>

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

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	<u>1,950</u>	<u>93</u>
Corporation tax at standard rate	371	18
Decrease from effect of different UK tax rates on some earnings	(793)	-
Effect of expense not deductible in determining taxable profit (tax loss)	217	-
Deferred tax recognised	(3,553)	-
Decrease from tax losses for which no deferred tax asset was recognised	(136)	-
Increase in UK and foreign current tax from adjustment for prior periods	2,286	-
Total tax (credit)/charge	<u>(1,608)</u>	<u>18</u>

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £'000	Liability £'000
2022		
Fixed assets	1,674	-
Losses	4,922	-
Short term timing differences	262	-
	<u>6,858</u>	<u>-</u>

HCRG Care Group Holdings Ltd

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

10 Taxation (continued)

Company

Deferred tax assets and liabilities

	Asset £'000	Liability £'000
2022		
Losses	39	-
	<u>39</u>	<u>-</u>
	Asset	Liability
2021	£ 000	£ 000
Losses	-	73
	<u>-</u>	<u>73</u>

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. The deferred tax assets / liabilities at 31 March 2022 have been calculated at 25% (2021: 19%). In the 3 March 2021 Budget, and confirmed in the Autumn Statement on 17 November 2022, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. In accordance with FRS 102, there is a deferred tax asset of £6,858,000 (2021: £3,035,000) recognised in the accounts.

HCRG Care Group Holdings Ltd

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

11 Intangible assets

Group

	Goodwill £ 000	Internally generated software development costs £ 000	Total £ 000
Cost or valuation			
At 1 April 2021	102	6,820	6,922
Additions acquired separately	-	29	29
At 31 March 2022	102	6,849	6,951
Amortisation			
At 1 April 2021	102	6,784	6,886
Amortisation charge	-	36	36
At 31 March 2022	102	6,820	6,922
Carrying amount			
At 31 March 2022	-	29	29
At 31 March 2021	-	35	35

HCRG Care Group Holdings Ltd

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

12 Tangible assets

Group

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Motor vehicles £ 000	Medical equipment £ 000	Total £ 000
Cost or valuation					
At 1 April 2021	1,515	7,001	35	866	9,417
Additions	7	1,732	-	260	1,999
At 31 March 2022	1,522	8,733	35	1,126	11,416
Depreciation					
At 1 April 2021	977	4,728	27	678	6,410
Charge for the year	229	1,294	3	120	1,646
At 31 March 2022	1,206	6,022	30	798	8,056
Carrying amount					
At 31 March 2022	316	2,711	5	328	3,360
At 31 March 2021	538	2,273	8	188	3,007

Included within the net book value of land and buildings above is £315,821 (2021 - £538,000) in respect of short leasehold land and buildings.

HCRG Care Group Holdings Ltd

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

13 Investments

Company	
Subsidiaries	£ 000
Cost or valuation	
At 1 April 2021	23,159
Provision	
At 1 April 2021	23,159
Carrying amount	
At 31 March 2022	-

Details of undertakings

Details of the investments 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					
HCRG Care Ltd	The Heath Business and Technical Park*	Ordinary shares	100%	100%	
HCRG Care Private Ltd	The Heath Business and Technical Park*	Ordinary shares	100%	100%	
HCRG Care Services Ltd	The Heath Business and Technical Park*	Ordinary shares	100%	100%	
HCRG Care Provider Services Limited	The Heath Business and Technical Park*	Ordinary shares	100%	100%	
HCRG Care Community Services Ltd	The Heath Business and Technical Park*	Ordinary shares	100%	100%	
HCRG Care Coventry LLP	The Heath Business and Technical Park*	N/A	100%	100%	
HCRG Care East Riding LLP	The Heath Business and Technical Park*	N/A	100%	100%	
HCRG Care Vertis LLP	The Heath Business and Technical Park*	N/A	100%	100%	

HCRG Care Group Holdings Ltd

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

13 Investments (continued)

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
IICRG Care Reading LLP	The Heath Business and Technical Park*	N/A	100%	100%

Joint ventures

Peninsula Health LLP	The Heath Business and Technical Park*	N/A	50%	50%
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*The full registered office address for all subsidiaries and the joint venture is The Heath Business and Technical Park, Runcorn, Cheshire, WA7 4QX.

Peninsula Health LLP is a subsidiary of HCRG Care Ltd, with the Company holding 50% and the remaining partnership members jointly owning the remaining 50%. However, the Company has established control over the entity.

All other LLPs are subsidiaries of HCRG Care Ltd, with the Company holding 99% and HCRG Care Services Limited holding 1%.

IICRG Care Limited and IICRG Care Private Ltd are direct subsidiaries. All other subsidiaries and the joint venture are indirect subsidiaries.

14 Stocks

	Group		Company	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Raw materials and consumables	286	263	-	-

Group

15 Debtors

		Group		Company	
		2022	2021	2022	2021
		£ 000	£ 000	£ 000	£ 000
Current	Note				
Trade debtors		7,522	7,616	-	-
Amounts owed by related parties		-	-	9,005	-
Other debtors		6,179	6,538	-	1
Prepayments		9,484	8,440	-	-
Deferred tax assets	10	6,858	2,964	39	-
		<u>30,043</u>	<u>25,558</u>	<u>9,044</u>	<u>1</u>

HCRG Care Group Holdings Ltd

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

16 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Cash at bank	14,280	9,842	2,694	2

17 Creditors

		Group		Company	
		2022	2021	2022	2021
	Note	£ 000	£ 000	£ 000	£ 000
Due within one year					
Loans and borrowings	22	83	19,800	-	19,800
Trade creditors		7,867	7,218	-	-
Amounts due to related parties		-	22,794	8,000	6
Social security and other taxes		3,407	3,436	-	-
Other payables		2,226	3,036	-	-
Accruals		19,658	22,053	-	-
		<u>33,241</u>	<u>78,337</u>	<u>8,000</u>	<u>19,806</u>
Due after one year					
Loans and borrowings	22	153	21,529	-	21,529
Other non-current financial liabilities		15	12	-	-
		<u>168</u>	<u>21,541</u>	<u>-</u>	<u>21,529</u>

HCRG Care Group Holdings Ltd

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

18 Provisions for liabilities

Group

	Insurance provision £ 000	Property dilapidations £ 000	Total £ 000
At 1 April 2021	4,232	1,356	5,588
Additional provisions	3,820	27	3,847
Increase (decrease) in existing provisions	418	71	489
Decrease (increase) through disposals	(1,793)	(44)	(1,837)
At 31 March 2022	<u>6,677</u>	<u>1,410</u>	<u>8,087</u>

Insurance Provision

The insurance provision covers the estimated total gross exposure from potential claims. The insured sum against these claims is £5,896,000 (2021: £3,582,000) and is included in other debtors. The maximum net exposure is limited to the reflected figure as insurance provided by a third party will cover any claims greater than the already recognised insurance excess.

Property Dilapidations Provision

The dilapidations provision relates to the company's contractual obligation to return leased properties back to their original condition at the end of the lease term. Management have calculated the provision for each property on a cost per square foot basis, using both historic and current property surveys as a guide for estimated dilapidations cost

Company

	Deferred tax £ 000	Total £ 000
At 1 April 2021	73	73
Increase (decrease) in existing provisions	(73)	(73)
At 31 March 2022	<u>-</u>	<u>-</u>

HCRG Care Group Holdings Ltd

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

19 Pension and other schemes

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £16,121,000 (2021 - £12,829,000).

The assets of the scheme are held separately from those of the Company in an independently administered fund.

20 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
A Ordinary of £0.01 each	351,011	3,510.11	351,008	3,510.08
B Ordinary of £0.01 each	2,491	24.91	2,490	24.90
C Ordinary of £0.01 each	294	2.94	294	2.94
Deferred of £0.01 each	147	1.47	147	1.47
	<u>353,943</u>	<u>3,539.43</u>	<u>353,939</u>	<u>3,539.39</u>

All Ordinary shares have attached to them full voting, dividend and capital distribution (including on wind up) rights. They do not confer any rights of redemption.

The share premium of £72,917,327 (2021: £25,997,519) represents the amount subscribed for ordinary share capital in excess of the nominal value and is net of expenses.

21 Reserves

Retained earnings

Retained earnings represents accumulated profit or loss for the year and prior periods, less dividends paid.

Capital contribution reserve

The capital contribution reserve arose when the Group was sold by Virgin Holdings Limited on 30 November 2021. The Group had intercompany loans with Virgin Holdings Limited which were all waived. The fair value of the loans was converted to share capital, with the remaining converted to a capital contribution reserve.

HCRG Care Group Holdings Ltd

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

22 Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Non-current loans and borrowings				
Finance lease liabilities	153	-	-	-
Amounts owed to parent undertaking	-	21,529	-	21,529
	<u>153</u>	<u>21,529</u>	<u>-</u>	<u>21,529</u>

	Group		Company	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Current loans and borrowings				
Finance lease liabilities	83	-	-	-
Amounts owed to parent undertaking	-	15,800	-	15,800
Other borrowings	-	4,000	-	4,000
	<u>83</u>	<u>19,800</u>	<u>-</u>	<u>19,800</u>

23 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2022	2021
	£ 000	£ 000
Not later than one year	83	-
Later than one year and not later than five years	153	-
	<u>236</u>	<u>-</u>

Operating leases

The total of future minimum lease payments is as follows:

	2022	2021
	£ 000	£ 000
Not later than one year	6,214	8,173
Later than one year and not later than five years	4,962	11,964
Later than five years	-	181
	<u>11,176</u>	<u>20,318</u>

HCRG Care Group Holdings Ltd

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

23 Obligations under leases and hire purchase contracts (continued)

The amount of non-cancellable operating lease payments recognised as an expense during the year was £Nil (2021 - £Nil).

24 Parent and ultimate parent undertaking

The immediate parent company is T20 Pioneer Midco Limited, a company incorporated in the United Kingdom. The registered office is 33 Soho Square, London, England, W1D 3QU.

The ultimate parent companies are Twenty20 Capital Limited and IJMH Limited, both companies are incorporated in the United Kingdom.

The largest group in which the Group's results are consolidated are those for Twenty20 Capital Investments Limited a company registered in England and Wales. Copies of the group accounts of Twenty20 Capital Investments Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

In the prior year, the ultimate parent company was Virgin Holdings Limited, a company incorporated in the United Kingdom. The largest and smallest group in which the Group's results were consolidated was Virgin Holdings Limited and Virgin UK Holdings Limited respectively, companies both registered in England and Wales. Copies of these accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

25 Transition to FRS 102

The Company has opted to transition to FRS 102 as at 1 April 2020. The Company previously applied FRS 101.

The Company was acquired by T20 Pioneer Holdings Limited on 30 November 2021, the parent company of T20 Pioneer Holdings is Twenty20 Capital Investments Limited. The Company has elected to follow the same accounting standards as the other members of the 'Twenty20 Group' and therefore has transitioned to FRS 102.

A loan has been reclassified to valuation at cost instead of fair value. The impact of this adjustment is shown in the following tables:

HCRG Care Group Holdings Ltd

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

25 Transition to FRS 102 (continued)

Company balance sheet at 1 April 2020

	FRS 101 £ 000	Reclassification £ 000	Remeasurement £ 000	FRS 102 £ 000
Current assets				
Debtors	3	-	-	3
Creditors: Amounts falling due within one year	<u>(15,833)</u>	<u>-</u>	<u>-</u>	<u>(15,833)</u>
Total assets less current liabilities	(15,830)	-	-	(15,830)
Creditors: Amounts falling due after more than one year	<u>(21,414)</u>	<u>(2,182)</u>	<u>-</u>	<u>(23,596)</u>
Net liabilities	<u>(37,244)</u>	<u>(2,182)</u>	<u>-</u>	<u>(39,426)</u>
Called up share capital	(4)	-	-	(4)
Share premium reserve	(25,998)	-	-	(25,998)
Retained earnings	<u>65,428</u>	<u>-</u>	<u>-</u>	<u>65,428</u>
Total equity	<u>39,426</u>	<u>-</u>	<u>-</u>	<u>39,426</u>

HCRG Care Group Holdings Ltd

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

25 Transition to FRS 102 (continued)

Company Balance Sheet at 31 March 2021

	FRS 101 £ 000	Reclassification £ 000	Remeasurement £ 000	FRS 102 £ 000
Current assets				
Debtors	(73)	-	-	(73)
Cash at bank and in hand	3	-	-	3
	(70)	-	-	(70)
Creditors: Amounts falling due within one year	(19,806)	-	-	(19,806)
Total assets less current liabilities	(19,876)	-	-	(19,876)
Creditors: Amounts falling due after more than one year	(21,529)	-	-	(21,529)
Net liabilities	(41,405)	-	-	(41,405)
Called up share capital	(4)	-	-	(4)
Share premium reserve	(25,998)	-	-	(25,998)
Retained earnings	67,407	-	-	67,407
Total equity	41,405	-	-	41,405

HCRG Care Group Holdings Ltd

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

25 Transition to FRS 102 (continued)

Company Profit and Loss Account for the year ended 31 March 2021

	FRS 101 £ 000	Reclassification £ 000	Remeasurement £ 000	FRS 102 £ 000
Turnover	-	-	-	-
Administrative expenses	27	-	-	27
Operating profit	27	-	-	27
Interest payable and similar expenses	(3,378)	1,353	-	(2,025)
	(3,378)	1,353	-	(2,025)
(Loss)/profit before tax	(3,351)	1,353	-	(1,998)
Taxation	18	-	-	18
(Loss)/profit for the financial year	(3,333)	1,353	-	(1,980)

26 Subsidiary audit exemption

Under section 479A of the Companies Act 2006 the Group is claiming exemption from audit for the subsidiary companies listed below.

Company Name	Company Number
HCRG Care Private Ltd	17096658
HCRG Care Community Services Ltd	07568015
HCRG Care Coventry LLP	OC338351
HCRG Care East Riding LLP	OC322010
HCRG Care Vertis LLP	OC326636
HCRG Care Reading LLP	OC336595
Peninsula Health LLP	OC327017