

**Company Registration No. 06357982 (England and Wales)**

**Health Care Resourcing Group Limited**

**Annual report and  
group financial statements  
for the year ended 30 June 2021**

**Health Care Resourcing Group Limited**

**Company information**

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**Directors** Ian Munro  
Jamie Webb  
Tristan Ramus

**Company number** 06357982

**Registered office** 33 Soho Square  
London  
W1D 3QU

**Independent auditor** Saffery Champness LLP  
Trinity  
16 John Dalton Street  
Manchester  
M2 6HY

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**Health Care Resourcing Group Limited**

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**Health Care Resourcing Group Limited**

**Strategic report  
For the year ended 30 June 2021**

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The directors present the strategic report for the year ended 30 June 2021.

**Fair review of the business**

Having reported last year on a consolidation of performance following a number of acquisitions, this year we are pleased to report further performance improvements, even in light of the substantial challenges of the Covid pandemic upon the core businesses.

The results for the group continue to demonstrate substantial performance improvement, the balance sheet and liquidity of the Group has continued to strengthen, and with continued investment in our leadership and infrastructure, the Group is very well positioned to support the post Covid recovery in the UK economy.

The principal activities during the year continued to be the provision of temporary and permanent healthcare, education, homecare and forensic medical services within the UK.

This year saw continued growth for the Group, with turnover growing by 12.4% from £224m (pro-rated for twelve months) for the fifteen months to 30 June 2020, to £251m for the year to 30 June 2021. Gross profit increased by £3.2m (pro-rated), to £51.2m in the year, with gross profit percentage, which is blended across all businesses, being maintained at a similar level as last year, at 20.4% (2020: 21.4%).

As a result of the strategic decisions made in previous years, including the continued considerable strengthening of our senior management team and substantial investment in systems and resources, the Board is pleased to report an operating profit for the year of £3.2m. The profit for the financial year after tax is £4.3m (2020: £0.4m).

Due to the continued strengthening trading position, together with declared dividends, the balance sheet report net assets of £7.8m (£5.1m at 30 June 2020).

The Group acquired the entire share capital of Sugarman Group Ltd and Sugarman Health & Wellbeing Ltd in August 2020 from a related party at an arm's length value for a combined cost of £2.4m. The trade of these two companies were entirely complimentary to the existing businesses of the Group.

After the year end, in August and September 2021, the Group disposed of its two Homecare businesses, its Medical Services business and its ambulance business CRG Clinical Services for a total consideration of £25m and a profit on disposal of £15m. This has allowed the Group to focus on what it perceives as its two main business areas, being the provision of Healthcare and Education staffing.

The Board, shareholders and financial partners remain fully supportive of the Group's strategic direction which, as predicted last year, continues to be true and clear, with further acquisitions anticipated.

The preliminary results for the year ended June 2022 look strong as the effect of the Covid-19 pandemic has eased. The outlook for the 2022/23 financial year continues to look strong too. The Directors recommended the payment of a dividend of £1,605,416 for the year to 30 June 2021.

**Health Care Resourcing Group Limited**

**Strategic report (continued)  
For the year ended 30 June 2021**

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**Principal risks and uncertainties**

The Group has management structures and policies and procedures which are designed to enable the achievement of the business objectives while controlling risks associated in the environment in which it operates. The group has a risk management process in place which is designed to identify, manage and mitigate business risk. The risk management process covers financial, operational, commercial and clinical areas of risk.

In terms of financial risk management, the Group considers that it has limited exposure to the various aspects of financial risk. The vast majority of the Group's revenue is invoiced in sterling whilst all of its operations and costs arise within the UK.

The Group does not enter into currency hedging contracts. Furthermore, the Group ensures its liquidity is maintained by entering into long term or short-term financial instruments as necessary to support operational and other funding requirements. The risk that there is a reduction in demand for our services is mitigated by providing services in several different marketplaces, both from a sector and geographical perspective.

Commercial risks are managed closely by the Group Board, and fundamentally include loss of contracts, reputation, changes to legislation, and political risks, for instance as a result of Brexit. The strengthening of the Group Board over the last few years has brought substantial experience and knowledge into the Group, which will enable these risks to be managed appropriately and mitigated wherever possible.

**Segmental analysis**

Following the disposal of the Homecare business after the year end, HCRG's structure now consists of 2 core divisions:

- Health and Social Care Workforce Management Solutions
- Education

The activities of the divisions are set out below.

**Health and Social Care Workforce Management Solutions**

Providing both permanent and temporary healthcare staffing services across the UK, across several brands including CRG, HCL, Affinity Healthcare and Medicare, the Healthcare division remained core to the Group's activity during the year.

This division continues to be led by its Chief Executive Officer, Gary Taylor, since following his appointment in October 2019. He joined the group with considerable and highly relevant experience, having held a number of executive level positions in the health and social care market.

**Health Care Resourcing Group Limited**

**Strategic report (continued)  
For the year ended 30 June 2021**

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**Education**

Affinity Workforce, which was acquired in January 2019, provides temporary and permanent teaching staff across the United Kingdom, through three market leading brands Monarch, CER and Sugarman Education.

In a similar fashion to other recent acquisitions, Affinity was under-performing when it was brought into the group, and thus needed considerable group effort and energy to return the businesses to profitability and fulfil their qualitative objectives.

Chief Executive Officer Esme Bianchi-Barry continues to focus the delivery of quality and cost effective solutions to our customers, in order enable to substantial future growth.

Education has been the division most affected by the Covid-19 outbreak due to education establishments being forced to close (see the effect of Covid-19 on the division below).

**Financing**

HCRG's acquisition strategy and the working capital requirements of the Group continue to be provided and supported by Close Brothers with the addition of CLBILS facilities totalling £5.5m in the prior period. Post year end, the CLBILS facility has been repaid in full and replaced with a £2.5m Cash Flow Loan from Close which is being repaid over 2.5 years. This has enabled the Group to consolidate the balance sheet and provide additional headroom and flexibility for the Group's working capital needs.

**Covid-19**

The majority of this year was operated under the restrictions of the local and national lockdowns imposed by the UK Government on businesses and households.

Whilst some of the Group's activities were curtailed significantly during the period of total lockdown, in particular the education division and permanent healthcare recruitment, other areas performed more strongly than would ordinarily be anticipated for the time of year, particularly those business units with a greater degree of exposure to the healthcare sector.

Consequently, the adverse impacts in some areas were broadly offset by more favourable developments in others and, owing to the diverse range of end clients which the Group continues to serve, the Directors consider that the ongoing pandemic poses less of a risk to the Group's ability to continue in operation than it does to many businesses of comparable scope and scale.

At the time of signing this report, education establishments are now fully open and the vaccination process has had its desired effect so the businesses previously affected by the pandemic are expected to make a full recovery and achieve the trading levels reached prior to the onset of the virus.

**Key Performance Indicators**

As set out above, the KPIs set out above are the only ones managed by the Group on Divisional and Brand level. In the opinion of the Board, these KPIs do not have a material effect on the financial or non-financial indicators routinely each month.

**Health Care Resourcing Group Limited**

**Strategic report (continued)  
For the year ended 30 June 2021**

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**Directors**

The Group's Board of Directors, at the time of writing this report consists of:

Statutory Directors

- **Ian Munro**, HCRG's founder is the Group Chief Executive Officer.
- **Tristan Ramus** was appointed as Chairman in February 2017 following his equity buy in to the Group. He is highly experienced in the sector and a successful investor.
- **Jamie Webb** has been Group Chief Financial Officer since January 2016.

**Decision Making**

The Directors monitor and review strategic objectives against business plans on a regular basis. The Management Team support the Directors with the planning and execution of long-term plans and are experienced in the successful implementation of strategic business decisions.

**Employee interests**

The Directors recognise the vital importance of the Group's employees and the key role they play in the on-going success of the business. Engagement with operational employees is high and is maintained through regular company briefings and discussions. Employees are supported with training and development including through professional qualifications where needed.

**Business relationships**

The Directors and Management Team regularly review how they maintain positive relationships with all its stakeholders including suppliers, customers and others. They have built a reputation on high levels of customer service and uphold this through accreditations such as ISO 9001.

**Governance**

During the past year, there has been a continued focus on corporate governance, with the board spending a large proportion of its time examining and strengthening our processes throughout the Group. Ensuring that a solid governance framework is in place is key to maintaining trust and transparency and an important building block for future growth.

**Outlook**

The directors are satisfied with the results for the period and although the next year's results will include some difficult trading periods for some of the companies within the Group due to Covid-19, the diversity of the Group's operations allow it to continue to grow.

The Board continue to support the strategic direction of the Group, with further growth expected both via acquisition and through contract wins in the future.

**Health Care Resourcing Group Limited**

**Strategic report (continued)**  
**For the year ended 30 June 2021**

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**Section 172 statement**

This report sets out how the Directors comply with the requirements of Section 172 of the Companies Act 2006 and how these requirements have impacted the Directors activities and decision making during the financial period ended 30 June 2021.

The Directors consider that they have acted in good faith to promote the success of the group on behalf of the stakeholders, in relation to matters set out in s172 of the Act. The stakeholders of the business include the employees, clients, suppliers and shareholders of the business.

On behalf of the board

Ian Munro  
**Director**

19 August 2022



**Health Care Resourcing Group Limited**

**Directors' report  
For the year ended 30 June 2021**

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

**Results and dividends**

The results for the year are set out on page 14.

Ordinary dividends were paid amounting to £1,605,616. The directors do not recommend payment of a further dividend.

**Directors**

Ian Munro  
Jamie Webb  
Tristan Ramus

**Employee involvement**

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

**Auditor**

In accordance with the company's articles, a resolution proposing that Saffery Champness LLP be reappointed as auditor of the group will be put at a General Meeting.

**Energy and carbon report**

Energy usage covered in this disclosure covers all professional services provided in the UK, and is primarily the electricity consumption within our office buildings (where we pay the energy supplier directly), and fuel used for business mileage.

Energy usage has been calculated based on gas and electricity meter readings, extrapolated where readings were not available. Fuel used in respect of both reimbursed business mileage and in respect of vehicles owned by the Group have been taken from expense claims and have been extrapolated where data was not available.

**Health Care Resourcing Group Limited****Directors' report (continued)  
For the year ended 30 June 2021**

<b>Energy consumption</b>	<b>kWh</b>
Aggregate of energy consumption in the year	4,994,646

<b>Emissions of CO2 equivalent</b>	<b>Metric tonnes</b>	<b>Metric tonnes</b>
Scope 1 - direct emissions		
- Gas combustion	43.00	
- Fuel consumed for owned transport	1,009.00	
	<u>1,052.00</u>	
Scope 2 - indirect emissions		
- Electricity purchased		124.00
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company		174.00
Total gross emissions		<u>1,350.00</u>

<b>Intensity ratio</b>	
Tonnes CO2e per £'000 revenue	0.0053683

**Quantification and reporting methodology**

The group has followed the 2019 HM Government Environmental Reporting Guidelines. The group has also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

**Intensity measurement**

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £'000 of revenue, the recommended ratio for the sector.

**Measures taken to improve energy efficiency**

The Group is committed to making careful assessments of its levels of energy consumption and impact of carbon dioxide emissions on the environment. This includes, for example, the installation of energy saving devices, smart meters and low-energy lighting in our office buildings.

**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

**Health Care Resourcing Group Limited**

**Directors' report (continued)**  
**For the year ended 30 June 2021**

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On behalf of the board

Ian Munro  
**Director**

19 August 2022

**Health Care Resourcing Group Limited**

**Directors' responsibilities statement  
For the year ended 30 June 2021**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these 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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

**Health Care Resourcing Group Limited**

**Independent auditor's report  
To the members of Health Care Resourcing Group Limited**

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**Opinion**

We have audited the financial statements of Health Care Resourcing Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2021 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group 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 and of the parent company's affairs as at 30 June 2021 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's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

**Health Care Resourcing Group Limited**

**Independent auditor's report (continued)  
To the members of Health Care Resourcing Group Limited**

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**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.

**Opinions on other matters 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 the knowledge and understanding of the group and the parent company and their 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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 directors' responsibilities statement, 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

**Health Care Resourcing Group Limited**

**Independent auditor's report (continued)  
To the members of Health Care Resourcing Group Limited**

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**Auditor's 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 are detailed below.

**Identifying and assessing risks related to irregularities:**

We assessed the susceptibility of the group and parent 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 by 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 group and parent company include The Companies Act 2006 and UK Tax legislation.

**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 group and parent company financial statement disclosures. We reviewed the parent 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 parent 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.

**Health Care Resourcing Group Limited**

**Independent auditor's report (continued)**  
**To the members of Health Care Resourcing Group Limited**

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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: <https://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 parent 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 parent company's members those matters we are required to state to them in an auditors 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Simon Kite BSc FCA (Senior Statutory Auditor)**  
**For and on behalf of Saffery Champness LLP**

19 August 2022

**Chartered Accountants**  
**Statutory Auditors**

Trinity  
16 John Dalton Street  
Manchester  
M2 6HY



## Health Care Resourcing Group Limited

Group statement of comprehensive income  
For the year ended 30 June 2021

	Notes	Year ended 30 June 2021 £	Period ended 30 June 2020 £
<b>Revenue</b>	<b>3</b>	251,271,402	279,446,689
Cost of sales		(200,121,378)	(219,511,141)
<b>Gross profit</b>		51,150,024	59,935,548
Administrative expenses		(50,953,685)	(57,172,998)
Other operating income		2,749,936	394,911
Negative goodwill	<b>4</b>	1,244,739	492,373
Exceptional items	<b>4</b>	(1,026,153)	(1,550,146)
<b>Operating profit</b>	<b>5</b>	3,164,861	2,099,688
Investment income	<b>9</b>	192	-
Finance costs	<b>10</b>	(1,425,554)	(1,710,634)
Other gains and losses	<b>11</b>	200,000	-
<b>Profit before taxation</b>		1,939,499	389,054
Tax on profit	<b>12</b>	2,340,488	(1,000)
<b>Profit for the financial year</b>	<b>30</b>	4,279,987	388,054
Profit for the financial year is attributable to:			
- Owners of the parent company		4,247,881	376,069
- Non-controlling interests		32,106	11,985
		4,279,987	388,054
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		4,247,881	376,069
- Non-controlling interests		32,106	11,985
		4,279,987	388,054

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

## Health Care Resourcing Group Limited

Group statement of financial position  
As at 30 June 2021

	Notes	2021		2020	
		£	£	£	£
<b>Non-current assets</b>					
Goodwill	14	13,368,701		10,023,001	
Negative goodwill	14		-	(25,163)	
Net goodwill		13,368,701		9,997,838	
Other intangible assets	14	605,750		756,655	
Total intangible assets		13,974,451		10,754,493	
Property, plant and equipment	15	1,679,077		2,172,593	
Investment properties	16	202,216		202,216	
		15,855,744		13,129,302	
<b>Current assets</b>					
Inventories	19	802,420		578,419	
Trade and other receivables - deferred	26	6,496,965		3,718,000	
Trade and other receivables - other	20	41,410,109		26,108,444	
Cash and cash equivalents		6,272,602		9,978,848	
		54,982,096		40,383,711	
<b>Current liabilities</b>	21	(44,355,738)		(32,062,778)	
<b>Net current assets</b>		10,626,358		8,320,933	
<b>Total assets less current liabilities</b>		26,482,102		21,450,235	
<b>Non-current liabilities</b>	22	(6,018,077)		(9,334,097)	
<b>Provisions for liabilities</b>					
Provisions	25	273,033		399,918	
Deferred tax liability	26	146,318		20,540	
			(419,351)		(420,458)
<b>Accruals and deferred income</b>	27	(12,226,161)		(6,551,538)	
<b>Net assets</b>		7,818,513		5,144,142	

**Health Care Resourcing Group Limited****Group statement of financial position (continued)**

As at 30 June 2021

	Notes	2021		2020	
		£	£	£	£
<b>Equity</b>					
Called up share capital	29		5		5
Share premium account	30		114,000		114,000
Retained earnings	30		7,632,647		4,990,382
			<u>7,746,652</u>		<u>5,104,387</u>
<b>Equity attributable to owners of the parent company</b>			7,746,652		5,104,387
<b>Non-controlling interests</b>			71,861		39,755
			<u>7,818,513</u>		<u>5,144,142</u>

The financial statements were approved by the board of directors and authorised for issue on 19 August 2022 and are signed on its behalf by:

Ian Munro  
Director

## Health Care Resourcing Group Limited

Company statement of financial position  
As at 30 June 2021

	Notes	2021		2020	
		£	£	£	£
<b>Non-current assets</b>					
Property, plant and equipment	15		108,850		230,800
Investment properties	16		202,216		202,216
Investments	17		3,603,520		2,227,654
			<u>3,914,586</u>		<u>2,660,670</u>
<b>Current assets</b>					
Inventories	19	10,000		10,000	
Trade and other receivables falling due after more than one year	20	750,000		3,750,000	
Trade and other receivables falling due within one year	20	70,544,959		53,214,718	
Cash and cash equivalents		5,240,923		9,769,069	
		<u>76,545,882</u>		<u>66,743,787</u>	
<b>Current liabilities</b>	21	<u>(73,518,583)</u>		<u>(65,079,307)</u>	
<b>Net current assets</b>			<u>3,027,299</u>		<u>1,664,480</u>
<b>Total assets less current liabilities</b>			<u>6,941,885</u>		<u>4,325,150</u>
<b>Non-current liabilities</b>	22		(2,890,038)		(3,577,634)
<b>Provisions for liabilities</b>					
Provisions	25	50,000		50,000	
Deferred tax liability	26	32,318		32,318	
		<u>(82,318)</u>		<u>(82,318)</u>	
<b>Accruals and deferred income</b>	27		-		(58,927)
<b>Net assets</b>			<u>3,969,529</u>		<u>606,271</u>
<b>Equity</b>					
Called up share capital	29		5		5
Share premium account	30		114,000		114,000
Retained earnings	30		3,855,524		492,266
			<u>3,969,529</u>		<u>606,271</u>
<b>Total equity</b>			<u>3,969,529</u>		<u>606,271</u>

**Health Care Resourcing Group Limited**

**Company statement of financial position (continued)**  
**As at 30 June 2021**

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As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £4,968,874 (2020 - £1,943,331 profit).

The financial statements were approved by the board of directors and authorised for issue on 19 August 2022 and are signed on its behalf by:

Ian Munro  
**Director**

**Company Registration No. 06357982**

## Health Care Resourcing Group Limited

Group statement of changes in equity  
For the year ended 30 June 2021

	Notes	Share capital £	Share premium account £	Retained earnings £	Total controlling interest £	Non- controlling interest £	Total £
<b>Balance at 1 April 2019</b>		5	114,000	6,106,438	6,220,443	27,770	6,248,213
<b>Period ended 30 June 2020:</b>							
Profit and total comprehensive income for the period		-	-	376,069	376,069	11,985	388,054
Dividends	13	-	-	(1,492,125)	(1,492,125)	-	(1,492,125)
<b>Balance at 30 June 2020</b>		5	114,000	4,990,382	5,104,387	39,755	5,144,142
<b>Year ended 30 June 2021:</b>							
Profit and total comprehensive income for the year		-	-	4,247,881	4,247,881	32,106	4,279,987
Dividends	13	-	-	(1,605,616)	(1,605,616)	-	(1,605,616)
<b>Balance at 30 June 2021</b>		5	114,000	7,632,647	7,746,652	71,861	7,818,513

## Health Care Resourcing Group Limited

Company statement of changes in equity  
For the year ended 30 June 2021

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
<b>Balance at 1 April 2019</b>		5	114,000	18,560	132,565
<b>Period ended 30 June 2020:</b>					
Profit and total comprehensive income for the period		-	-	1,943,331	1,943,331
Dividends	13	-	-	(1,469,625)	(1,469,625)
<b>Balance at 30 June 2020</b>		5	114,000	492,266	606,271
<b>Year ended 30 June 2021:</b>					
Profit and total comprehensive income for the year		-	-	4,968,874	4,968,874
Dividends	13	-	-	(1,605,616)	(1,605,616)
<b>Balance at 30 June 2021</b>		5	114,000	3,855,524	3,969,529

## Health Care Resourcing Group Limited

Group statement of cash flows  
For the year ended 30 June 2021

	Notes	£	2021 £	£	2020 £
<b>Cash flows from operating activities</b>					
Cash generated from operations	35		1,579,748		25,488,638
Interest paid			(1,541,456)		(1,710,634)
<b>Net cash inflow from operating activities</b>			<b>38,292</b>		<b>23,778,004</b>
<b>Investing activities</b>					
Purchase of business		(6,265,673)		-	
Purchase of intangible assets		(158,875)		(456,332)	
Purchase of property, plant and equipment		(424,268)		(656,149)	
Proceeds on disposal of investments		200,000		-	
<b>Net cash used in investing activities</b>			<b>(6,648,816)</b>		<b>(1,112,481)</b>
<b>Financing activities</b>					
Repayment of loan notes		-		(100,000)	
Proceeds from borrowings		5,443,713		5,500,000	
Repayment of bank loans		(168,646)		(20,863,706)	
Payment of finance leases obligations		(764,989)		(296,750)	
Dividends paid to equity shareholders		(1,605,616)		(1,492,125)	
<b>Net cash generated from/(used in) financing activities</b>			<b>2,904,462</b>		<b>(17,252,581)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			<b>(3,706,062)</b>		<b>5,412,942</b>
Cash and cash equivalents at beginning of year			9,978,658		4,565,716
<b>Cash and cash equivalents at end of year</b>			<b>6,272,596</b>		<b>9,978,658</b>
<b>Relating to:</b>					
Cash at bank and in hand			6,272,602		9,978,664
Bank overdrafts included in creditors payable within one year			(6)		(6)



**Health Care Resourcing Group Limited**

**Notes to the group financial statements  
For the year ended 30 June 2021**

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**1 Accounting policies**

**Company information**

Health Care Resourcing Group Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is 33 Soho Square, London W1D 3QU.

The group consists of Health Care Resourcing Group Limited and all of its subsidiaries.

**1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

**Health Care Resourcing Group Limited**

**Notes to the group financial statements (continued)**  
**For the year ended 30 June 2021**

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**1 Accounting policies (continued)**

**1.2 Business combinations**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

**1.3 Basis of consolidation**

The consolidated financial statements incorporate those of Health Care Resourcing Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 June 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Castlerock Resourcing Group Limited and CRG Support Services Limited are subsidiaries of Health Care Resourcing Group Limited. These subsidiaries have not been included in the consolidated financial statements of Health Care Resourcing Group Limited on the grounds they are not material.

**1.4 Going concern**

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

**Health Care Resourcing Group Limited****Notes to the group financial statements (continued)  
For the year ended 30 June 2021****1 Accounting policies (continued)****1.5 Revenue**

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue arising from temporary placements is recognised when the service has been delivered. Revenue from permanent placements is recognised when the individual commences their employment.

**1.6 Intangible fixed assets - goodwill**

Goodwill arising on the acquisition of subsidiary undertakings represents the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is between 10 to 20 years.

Any excess above the fair value of the non-monetary assets acquired is to be recognised in the periods in which the benefit is expected to be received.

Any negative goodwill arising on a business combination is credited to the income statement in the accounting period in which the business combination took place.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

**1.7 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	25% straight line
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**Health Care Resourcing Group Limited**

**Notes to the group financial statements (continued)  
For the year ended 30 June 2021**

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**1 Accounting policies (continued)**

**1.8 Property, plant and equipment**

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

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

Leasehold improvements	20% straight line
Plant and equipment	25% straight line
Fixtures and fittings	25% straight line
Computer equipment	25-33% straight line
Motor vehicles	25-33% reducing balance

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

**1.9 Investment properties**

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

**1.10 Non-current investments**

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

**Health Care Resourcing Group Limited**

**Notes to the group financial statements (continued)  
For the year ended 30 June 2021**

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**1 Accounting policies (continued)**

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

**1.11 Impairment of non-current assets**

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

**Health Care Resourcing Group Limited****Notes to the group financial statements (continued)  
For the year ended 30 June 2021**

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**1 Accounting policies (continued)**

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

**1.12 Inventories**

Inventories represent consumable items which have not yet been used in the business which are measured at cost. At each reporting date, an assessment is made for impairment.

**1.13 Cash and cash equivalents**

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

**1.14 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 receivables, 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 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 profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Health Care Resourcing Group Limited

Notes to the group financial statements (continued)  
For the year ended 30 June 2021

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**1 Accounting policies (continued)**

***Impairment of financial assets***

Financial assets, other than those held at fair value through 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 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 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 trade and other 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 receipts 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 payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as 'creditors: amounts falling due within one year' if payment is due within one year or less. If not, they are presented as 'creditors: amounts falling due after more than one year'. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Health Care Resourcing Group Limited**

**Notes to the group financial statements (continued)**  
**For the year ended 30 June 2021**

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**1 Accounting policies (continued)**

***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 the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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.

**1.15 Equity instruments**

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

**1.16 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

**1.17 Taxation**

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

***Current tax***

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



**Health Care Resourcing Group Limited****Notes to the group financial statements (continued)  
For the year ended 30 June 2021****1 Accounting policies (continued)*****Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax

**1.18 Provisions**

assets and liabilities relate to taxes levied by the same tax authority. Provisions are recognised when the group has a legal or constructive present obligation 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

**1.19 Employee benefits**

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

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

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

**1.20 Retirement benefits**

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

**Health Care Resourcing Group Limited**

**Notes to the group financial statements (continued)  
For the year ended 30 June 2021**

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**1 Accounting policies (continued)**

**1.21 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Rental payments under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**1.22 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

**1.23 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

**1.24 Invoice discounting**

Amounts due in respect of invoice discounting are separately disclosed as current liabilities. The company can use these facilities to draw down on a percentage of the value of certain sales invoices. The management and collection of trade debtors remains with the company.

**Health Care Resourcing Group Limited**

**Notes to the group financial statements (continued)  
For the year ended 30 June 2021**

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**2 Critical accounting 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.

***Useful economic life of goodwill***

The useful economic life of purchased goodwill has been estimated as being between 10 and 20 years.

The individual amounts of purchased goodwill are also reviewed annually for any signs of impairment against the results of the purchased business.

***Bad debt provision***

Management review the aged debtors listing on a weekly basis 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.

***Disputes***

On occasion, the group is party to litigation and administrative proceedings related to its operations. Management consults with legal experts on issues related to legal disputes and with other experts internal or external to the Group on issues related to the ordinary course of business.

***Fair value of acquired assets***

On the acquisition of a business, management will review the assets and liabilities acquired and may fair value them if their useful economic life is estimated to be considerably longer or shorter.

***Deferred tax asset***

The Group has tax losses of £38,917,000 (2020 - £40,547,000), but only recognises a deferred tax asset of these losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Following a period of restructuring the Group considers that future taxable profits can now be estimated more reliably and therefore is using a period of seven years (2020: five years).

**Health Care Resourcing Group Limited****Notes to the group financial statements (continued)  
For the year ended 30 June 2021****3 Revenue**

An analysis of the group's revenue is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Revenue analysed by class of business</b>		
Labour recruitment	251,271,402	279,446,689
	<u>251,271,402</u>	<u>279,446,689</u>

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Revenue analysed by geographical market</b>		
United Kingdom	251,271,402	279,446,689
	<u>251,271,402</u>	<u>279,446,689</u>

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Other revenue</b>		
Interest income	192	-
Grants received	2,723,615	394,911
	<u>2,723,615</u>	<u>394,911</u>

**4 Exceptional item**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Restructuring costs	1,026,153	1,550,146
Negative goodwill	(1,244,739)	(492,373)
	<u>(218,586)</u>	<u>(63,227)</u>

The Group has undergone a period of restructuring following acquisitions of distressed businesses in 2018 in order to turn around those businesses into profit making entities. The above costs were incurred in the restructure of personnel and of the group structure.

## Health Care Resourcing Group Limited

Notes to the group financial statements (continued)  
For the year ended 30 June 2021**5 Operating profit**

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(4,314)	(2,458)
Government grants	(2,723,615)	(394,911)
Depreciation of owned property, plant and equipment	479,692	282,407
Depreciation of property, plant and equipment held under finance lease	500,299	424,753
Profit on disposal of property, plant and equipment	(2,649)	-
Amortisation of intangible assets	1,751,816	1,481,687
Negative goodwill	(1,244,739)	(492,373)
Operating lease charges	3,723,443	3,143,677
	<u>                    </u>	<u>                    </u>

**6 Auditor's remuneration**

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	5,000	5,000
Audit of the financial statements of the company's subsidiaries	184,000	99,998
	<u>                    </u>	<u>                    </u>
	189,000	104,998
	<u>                    </u>	<u>                    </u>
<b>For other services</b>		
All other non-audit services	21,000	25,000
	<u>                    </u>	<u>                    </u>

**7 Employees**

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

	Group		Company	
	2021	2020	2021	2020
	Number	Number	Number	Number
Administrative and management	906	928	-	-
Operational staff	4,416	4,356	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	5,322	5,284	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

## Health Care Resourcing Group Limited

Notes to the group financial statements (continued)  
For the year ended 30 June 2021**7 Employees (continued)**

Their aggregate remuneration comprised:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Wages and salaries	127,807,535	134,753,920	-	-
Social security costs	6,294,718	9,196,372	-	-
Pension costs	1,521,128	1,857,475	28,261	-
	<u>135,623,381</u>	<u>145,807,767</u>	<u>28,261</u>	<u>-</u>

**8 Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	307,503	568,341
Company pension contributions to defined contribution schemes	11,888	23,626
	<u>319,391</u>	<u>591,967</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	150,003	300,738
Company pension contributions to defined contribution schemes	2,997	8,800
	<u>152,999</u>	<u>309,538</u>

**9 Investment income**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	192	-
	<u>192</u>	<u>-</u>

## Health Care Resourcing Group Limited

Notes to the group financial statements (continued)  
For the year ended 30 June 2021**10 Finance costs**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts, loans and loan notes	543,795	451,788
Interest on invoice finance arrangements	732,617	1,203,665
Interest on finance leases and hire purchase contracts	149,142	55,181
	<u>1,425,554</u>	<u>1,710,634</u>

**11 Other gains and losses**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Gain on disposal of fixed asset investments	200,000	-
	<u>200,000</u>	<u>-</u>

**12 Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	300,512	-
	<u>300,512</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(2,641,000)	1,000
	<u>(2,641,000)</u>	<u>1,000</u>
Total tax (credit)/charge	<u>(2,340,488)</u>	<u>1,000</u>

**Health Care Resourcing Group Limited****Notes to the group financial statements (continued)  
For the year ended 30 June 2021****12 Taxation (continued)**

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Profit before taxation	1,939,499	389,054
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	368,505	73,920
Tax effect of expenses that are not deductible in determining taxable profit	214,748	59,518
Tax effect of income not taxable in determining taxable profit	-	(18,620)
Depreciation on assets not qualifying for tax allowances	444,043	(94,421)
Other non-reversing timing differences	(193,147)	234,732
Losses not recognised	-	132,522
Losses brought forward	(533,637)	(387,651)
Deferred tax	(2,641,000)	1,000
Taxation (credit)/charge	(2,340,488)	1,000

**13 Dividends**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Recognised as distributions to equity holders:		
Final paid	1,605,616	1,469,625



## Health Care Resourcing Group Limited

Notes to the group financial statements (continued)  
For the year ended 30 June 2021**14 Intangible fixed assets**

Group	Goodwill	Negative goodwill	Software	Total
	£	£	£	£
<b>Cost</b>				
At 1 July 2020	13,425,659	(7,617,536)	976,925	6,785,048
Additions - internally developed	-	-	137,401	137,401
Additions - separately acquired	4,770,352	(1,244,739)	41,242	3,566,855
Disposals	-	25,163	(2,384)	22,779
Write off to reserves	-	1,244,739	-	1,244,739
At 30 June 2021	18,196,011	(7,592,373)	1,153,184	11,756,822
<b>Amortisation and impairment</b>				
At 1 July 2020	3,402,658	(7,592,373)	220,270	(3,969,445)
Amortisation charged for the year	1,424,652	-	327,164	1,751,816
At 30 June 2021	4,827,310	(7,592,373)	547,434	(2,217,629)
<b>Carrying amount</b>				
At 30 June 2021	13,368,701	-	605,750	13,974,451
At 30 June 2020	10,023,001	(25,163)	756,655	10,754,493

The company had no intangible fixed assets at 30 June 2021 or 30 June 2020.

Goodwill with a carrying value of £11,317,307 (2020 - £7,843,698) is amortised on a systematic basis over its expected life, which is 10 years. Other goodwill acquired in previous periods with a carrying value of £2,051,394 (2020 - £2,179,304) is amortised on a systematic basis over its expected life, which is 20 years.

## Health Care Resourcing Group Limited

Notes to the group financial statements (continued)  
For the year ended 30 June 2021

## 15 Property, plant and equipment

Group	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computer and equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 July 2020	120,397	813,610	626,920	-	1,868,454	3,429,381
Additions	-	-	80,098	277,675	35,417	393,190
Business Disposals	-	-	59,147	128,039	-	187,186
Disposals	(21,454)	-	-	(3,638)	(131,016)	(156,108)
At 30 June 2021	98,943	813,610	766,165	402,076	1,772,855	3,853,649
<b>Depreciation and impairment</b>						
At 1 July 2020	16,735	407,265	384,160	-	448,628	1,256,788
Depreciation charged in the year	35,583	45,467	152,927	220,627	525,387	979,991
Eliminated in respect of disposals	-	-	-	-	(62,207)	(62,207)
At 30 June 2021	52,318	452,732	537,087	220,627	911,808	2,174,572
<b>Carrying amount</b>						
At 30 June 2021	46,625	360,878	229,078	181,449	861,047	1,679,077
At 30 June 2020	103,662	406,345	242,760	-	1,419,826	2,172,593

## Health Care Resourcing Group Limited

Notes to the group financial statements (continued)  
For the year ended 30 June 2021

## 15 Property, plant and equipment (continued)

Company	Plant and equipment £	Fixtures and fitting £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 July 2020	448,483	442,875	89,587	980,945
Disposals	-	-	(51,342)	(51,342)
At 30 June 2021	448,483	442,875	38,245	929,603
<b>Depreciation and impairment</b>				
At 1 July 2020	350,780	359,627	39,738	750,145
Depreciation charged in the year	45,467	44,460	9,561	99,488
Eliminated in respect of disposals	-	-	(28,880)	(28,880)
At 30 June 2021	396,247	404,087	20,419	820,753
<b>Carrying amount</b>				
At 30 June 2021	52,236	38,788	17,826	108,850
At 30 June 2020	97,703	83,248	49,849	230,800

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2021 £	2020 £	Company 2021 £	2020 £
Motor vehicles	826,694	1,390,385	-	22,462

## 16 Investment property

	Group 2021 £	Company 2021 £
<b>Fair value</b>		
At 1 July 2020 and 30 June 2021	202,216	202,216

The Directors assessed the fair value of the investment property and considered that the fair value was not materially different to the cost price stated above.

## Health Care Resourcing Group Limited

Notes to the group financial statements (continued)  
For the year ended 30 June 2021**17 Fixed asset investments**

		<b>Group</b>		<b>Company</b>	
	<b>Notes</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Investments in subsidiaries	<b>18</b>	-	-	3,603,520	2,227,654

**Movements in non-current investments**  
**Company**

	<b>Shares in</b>
	<b>subsidiaries</b>
	<b>£</b>
<b>Cost or valuation</b>	
At 1 July 2020	2,227,654
Additions	1,375,866
At 30 June 2021	3,603,520
<b>Carrying amount</b>	
At 30 June 2021	3,603,520
At 30 June 2020	2,227,654

**Health Care Resourcing Group Limited****Notes to the group financial statements (continued)  
For the year ended 30 June 2021****18 Subsidiaries**

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Affinity Healthcare Solutions Limited	1	Labour recruitment	Ordinary	100.00	0
Affinity Workforce Solutions Limited	1	Labour recruitment	Ordinary	86.50	0
Allied Health Support Limited	3	Group support services	Ordinary	100.00	0
Allied Health-Services Limited	3	Domiciliary services	Ordinary	100.00	0
Castlerock Resourcing Group Limited	1	Dormant	Ordinary	100.00	0
CRG Defence & Primary Care Limited	1	Labour recruitment	Ordinary	100.00	0
CRG Healthcare & Medical Staffing Limited	1	Dormant	Ordinary	100.00	0
CRG Homecare Limited	3	Labour recruitment	Ordinary	92.00	0
CRG Medical Services Limited	2	Labour recruitment	Ordinary	85.00	0
CRG Support Services Limited	1	Dormant	Ordinary	100.00	0
HCL Doctors Limited	1	Labour recruitment	Ordinary	100.00	0
HCL Healthcare Limited	1	Labour recruitment	Ordinary	100.00	0
HCL Nursing Limited	1	Labour recruitment	Ordinary	100.00	0
HCL Permanent Limited	1	Labour recruitment	Ordinary	100.00	0
HCRG Support Services Limited	1	Group support services	Ordinary	100.00	0
HCL Workforce Solutions Limited	1	Labour recruitment	Ordinary	100.00	0
JCJ Locums Limited	1	Dormant	Ordinary	100.00	0
CRG Clinical Services Limited	4	Labour recruitment	Ordinary	100.00	0
HCRG Workforce Solutions Limited	1	Dormant	Ordinary	100.00	0
Sugarman Group Limited	1	Labour recruitment	Ordinary	100.00	0
Sugarman Health and Wellbeing Limited	1	Labour recruitment	Ordinary	100.00	0

**Health Care Resourcing Group Limited****Notes to the group financial statements (continued)  
For the year ended 30 June 2021****18 Subsidiaries (continued)****Registered Office address:**

The registered office for 1 above is: 33 Soho Square, London, W1D 3QU.

The registered office for 2 above is: Mcr- Office Se08, 101 Lockhurst Lane, Coventry, CV6 5SF.

The registered office for 3 above is: Office 4, 219 Kensington High Street, Kensington, London, W8 6BD

The registered office for 4 above is: 103 Bradley House Radcliffe Moor Road, Bradley Fold, Bolton, BL2 6RT.

The investments in subsidiaries are all stated at cost.

On 30 October 2020 an extraordinary resolution was passed for HCL Social Care Limited to be wound up voluntarily.

When Sugarman Group Limited was acquired on 20 August 2020, its subsidiary Sugarman Group International Pty Limited, registered in Australia, was also acquired. This was subsequently disposed of on 29 September 2020 for a gain of £200,000.

On 23 August 2021 the entire issued share capital of the subsidiary CRG Medical Services Limited was sold to the incumbent CEO of the business via an MBO for consideration of £1.7m.

On 25 August 2021, the entire issued share capital of the subsidiary CRG Clinical Services Limited was sold to Polaris Medical Limited, another operator in the sector for consideration of £0.5m.

On 29 September 2021, the entire issued share capital of the subsidiaries Allied Health Services Limited, Allied Health Support Limited and CRG Homecare Limited was sold to Cera Care, one of the largest healthcare-at-home providers in the UK for consideration of £21m.

On 2 September 2021 an intermediate holding company was created (HCRG Workforce Solutions Limited) and the ownership of the following subsidiaries' share capital was transferred: Sugarman Group, HCL Healthcare, HCL Nursing, CRG Defence & Primary Care, Sugarman Health & Wellbeing, HCL Workforce Solutions, HCL Doctors, HCL Permanent and

**19** ~~Private~~ ~~Health~~ ~~Solutions~~ ~~Healthcare~~ ~~Solutions~~. Health Care Resourcing Group owns 90% of the issued share capital of HCRG Workforce Solutions Limited.

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Consumables	802,420	578,419	10,000	10,000

## Health Care Resourcing Group Limited

Notes to the group financial statements (continued)  
For the year ended 30 June 2021**20 Trade and other receivables**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Amounts falling due within one year:</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade receivables	27,947,489	14,364,084	-	15,300
Corporation tax recoverable	86,007	58,444	86,007	66,455
Amounts owed by group undertakings	-	-	69,265,871	51,569,511
Other receivables	2,495,145	3,361,929	827,006	1,117,859
Prepayments and accrued income	10,881,468	8,323,987	15,075	65,593
	<u>41,410,109</u>	<u>26,108,444</u>	<u>70,193,959</u>	<u>52,834,718</u>
Deferred tax asset (note 26)	17,965	-	351,000	380,000
	<u>41,428,074</u>	<u>26,108,444</u>	<u>70,544,959</u>	<u>53,214,718</u>
<b>Amounts falling due after more than one year:</b>				
Amounts owed by group undertakings	-	-	750,000	3,750,000
Deferred tax asset (note 26)	6,479,000	3,718,000	-	-
	<u>6,479,000</u>	<u>3,718,000</u>	<u>750,000</u>	<u>3,750,000</u>
<b>Total debtors</b>	<u>47,907,074</u>	<u>29,826,444</u>	<u>71,294,959</u>	<u>56,964,718</u>

The value of trade receivables subject to invoice discounting is £27,947,489 (2020 - £14,364,084).

## Health Care Resourcing Group Limited

Notes to the group financial statements (continued)  
For the year ended 30 June 2021**21 Current liabilities**

		Group		Company	
	Notes	2021	2020	2021	2020
		£	£	£	£
Bank loans and overdrafts	23	15,787,340	7,049,574	1,184,000	84,000
Obligations under finance leases	24	398,153	608,288	-	-
Other borrowings	23	66,619	70,000	66,619	70,000
Trade payables		8,424,594	3,113,033	-	15,166
Amounts owed to group		-	-	71,780,583	61,503,617
Corporation tax payable		295,591	-	-	-
Other taxation and social security		10,309,977	15,314,264	381,238	2,517,944
Government grants	27	1,091,629	-	-	-
Other payables		7,981,835	5,907,619	106,143	888,580
		<u>44,355,738</u>	<u>32,062,778</u>	<u>73,518,583</u>	<u>65,079,307</u>

**22 Non-current liabilities**

		Group		Company	
	Notes	2021	2020	2021	2020
		£	£	£	£
Loan notes	23	2,000,000	2,000,000	2,000,000	2,000,000
Bank loans and overdrafts	23	2,555,916	5,977,634	355,916	1,577,634
Obligations under finance leases	24	345,624	900,478	-	-
Other taxation and social security		1,116,537	-	534,122	-
Other payables		-	455,985	-	-
		<u>6,018,077</u>	<u>9,334,097</u>	<u>2,890,038</u>	<u>3,577,634</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments		-	130,062	-	130,062
		<u>-</u>	<u>130,062</u>	<u>-</u>	<u>130,062</u>



## Health Care Resourcing Group Limited

Notes to the group financial statements (continued)  
For the year ended 30 June 2021**23 Borrowings**

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Loan notes	34	2,000,000	2,000,000	2,000,000	2,000,000
Bank loans		18,343,250	13,027,018	1,539,916	1,661,634
Bank overdrafts		6	190	-	-
Other loans		66,619	70,000	66,619	70,000
		<u>20,409,875</u>	<u>15,097,208</u>	<u>3,606,535</u>	<u>3,731,634</u>
Payable within one year		15,853,959	7,119,574	1,250,619	154,000
Payable after one year		<u>4,555,916</u>	<u>7,977,634</u>	<u>2,355,916</u>	<u>3,577,634</u>
Amounts included above which fall due after five years:					
Payable by instalments		<u>-</u>	<u>130,062</u>	<u>-</u>	<u>130,062</u>

The bank loans, which include invoice discounting facilities, are secured by debentures and fixed and floating charges over the all the assets of the company including properties owned by the company.

In both the current and comparative period, amounts due after five years include a loan repayable in quarterly instalments over five years at an interest rate of 3.25% + LIBOR. It also includes a loan that is repayable in monthly instalments over 15 years at an interest rate of 3.5% above the base rate. See note 34 for further details.

Post year end, the CLBILS facility has been repaid in full and replaced with a £2.5m Cash Flow Loan from Close Brothers which is being repaid over 2.5 years.

## Health Care Resourcing Group Limited

Notes to the group financial statements (continued)  
For the year ended 30 June 2021**24 Finance lease obligations**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Future minimum lease payments due under finance leases:				
Within one year	52,529	618,972	-	-
In two to five years	691,248	889,794	-	-
	<u>743,777</u>	<u>1,508,766</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The finance lease obligations are secured on the assets which they relate to.

**25 Provisions for liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Property Dilapidations	273,033	399,918	50,000	50,000
	<u>273,033</u>	<u>399,918</u>	<u>50,000</u>	<u>50,000</u>

Movements on provisions:

<b>Group</b>	<b>Property Dilapidation</b>
	<b>£</b>
At 1 July 2020	399,918
Utilisation of provision	(126,885)
At 30 June 2021	<u>273,033</u>
	<u>273,033</u>
<b>Company</b>	<b>Property Dilapidation</b>
	<b>£</b>
At 1 July 2020 and 30 June 2021	50,000
	<u>50,000</u>

## Health Care Resourcing Group Limited

Notes to the group financial statements (continued)  
For the year ended 30 June 2021**26 Deferred taxation**

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities	Liabilities	Assets	Assets
	2021	2020	2021	2020
	£	£	£	£
Accelerated capital allowances	146,318	20,540	17,965	-
Tax losses	-	-	6,479,000	3,718,000
	<u>146,318</u>	<u>20,540</u>	<u>6,496,965</u>	<u>3,718,000</u>
Company	Liabilities	Liabilities	Assets	Assets
	2021	2020	2021	2020
	£	£	£	£
Accelerated capital allowances	32,318	32,318	-	-
Tax losses	-	-	351,000	380,000
	<u>32,318</u>	<u>32,318</u>	<u>351,000</u>	<u>380,000</u>
			Group	Company
			2021	2021
			£	£
<b>Movements in the year:</b>				
Asset at 1 July 2020			(3,697,460)	(347,682)
(Credit)/charge to profit or loss			(2,653,187)	29,000
Asset at 30 June 2021			<u>(6,350,647)</u>	<u>(318,682)</u>

An amount of £714,400 (2020 - £964,250) of the above deferred tax asset / liability set out above is expected to reverse within 12 months and relates to losses available to set off against future profits.

In addition to the above deferred tax asset, the group has £9,695,000 (2020 - £20,562,000) of tax losses carried forward which have not been recognised as a deferred tax asset due to the uncertainty as to their recoverability.

## Health Care Resourcing Group Limited

Notes to the group financial statements (continued)  
For the year ended 30 June 2021**27 Deferred income**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Deferred grants	1,091,629	-	-	-
Accruals and deferred income	12,226,161	6,551,538	-	58,927
	<u>13,317,790</u>	<u>6,551,538</u>	<u>-</u>	<u>58,927</u>

Deferred government grants and accruals and deferred income are included in the financial statements as follows:

Current liabilities	1,091,629	-	-	-
Shown as deferred income on the face of the balance sheet	12,226,161	6,551,538	-	58,927
	<u>13,317,790</u>	<u>6,551,538</u>	<u>-</u>	<u>58,927</u>

**28 Retirement benefit schemes**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>1,521,128</u>	<u>1,857,475</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

At the balance sheet date an amount of £370,829 (2020 - £586,188) was payable to the defined contribution pension scheme.

**29 Share capital**

<b>Group and company</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Ordinary share capital</b>	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
<b>Issued and fully paid</b>				
Ordinary A shares of 0.1p each	5,000	5,000	5	5
Ordinary C shares of 0.1p each	264	264	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**Health Care Resourcing Group Limited****Notes to the group financial statements (continued)  
For the year ended 30 June 2021****29 Share capital (continued)**

All classes of Ordinary shares confer upon the holders the same rights, subject to the priority of Ordinary 'A' shareholders, regarding any distribution of capital on liquidation or exit in relation to gains on disposal of the company's property assets.

**30 Reserves****Share premium**

The Share premium account represents the excess paid for shares over the par value of those shares.

**Retained earnings**

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

**31 Acquisition of a business**

On 20 August 2020 the group acquired 100% percent of the issued capital of Sugarman Group Limited from a party connected by common shareholders.

Net assets acquired	Book Value	Adjustments	Fair Value
	£	£	£
Property, plant and equipment	111,963	-	111,963
Trade and other receivables	1,007,963	-	1,007,963
Cash and cash equivalents	85,897	-	85,897
Trade and other payables	(2,681,461)	-	(2,681,461)
Tax liabilities	(73,094)	-	(73,094)
Total identifiable net assets	(1,548,732)	-	(1,548,732)
Goodwill			2,210,232
Total consideration			661,500
The consideration was satisfied by:			£
Cash			661,500

**Health Care Resourcing Group Limited****Notes to the group financial statements (continued)  
For the year ended 30 June 2021****31 Acquisition of a business (continued)**

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	<b>£</b>
Revenue	11,575,533
Profit after tax	<u>105,367</u>

The goodwill arising on the acquisition of the business is attributable to the anticipated profitability of the company's contracts and the future operating synergies from the combination.

On 20 August 2020 the group acquired 100 percent of the issued capital of Sugarman Health and Wellbeing Limited from a party connected by common shareholders.

<b>Net assets acquired</b>	<b>Book Value</b>	<b>Adjustments</b>	<b>Fair Value</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Intangible assets	(1,244,739)	-	(1,244,739)
Property, plant and equipment	2,000	-	2,000
Trade and other receivables	4,943,570	-	4,943,570
Cash and cash equivalents	44,589	-	44,589
Trade and other payables	(5,046,545)	-	(5,046,545)
Total identifiable net assets	<u>(1,301,125)</u>	<u>-</u>	(1,301,125)
Goodwill			<u>2,526,625</u>
Total consideration			<u>1,225,500</u>

The consideration was satisfied by:

	<b>£</b>
Cash	<u>1,225,500</u>

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	<b>£</b>
Revenue	22,465,880
Profit after tax	<u>343,136</u>

**Health Care Resourcing Group Limited****Notes to the group financial statements (continued)  
For the year ended 30 June 2021****31 Acquisition of a business (continued)**

The goodwill arising on the acquisition of the business is attributable to the anticipated profitability of the company's contracts and the future operating synergies from the combination.

**32 Operating lease commitments****Lessee**

Operating lease payments represent rentals payable by the company for the use of its property, as well as various items of plant and motor vehicles.

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

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	2,345,342	1,808,804	1,081,445	271,659
Between two and five years	3,170,445	4,184,344	1,469,421	598,512
In over five years	423,483	483,258	119,950	179,925
	<u>5,939,270</u>	<u>6,476,406</u>	<u>2,670,816</u>	<u>1,050,096</u>

**33 Related party transactions****Transactions with related parties**

During the year the group entered into the following transactions with related parties:

	<b>Sales</b>	<b>Sales</b>	<b>Purchases</b>	<b>Purchases</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Group</b>				
Key management personnel	-	-	17,333	52,000
Other related parties	219,851	61,320	337,430	156,565
	<u>219,851</u>	<u>61,320</u>	<u>337,430</u>	<u>156,565</u>

**Health Care Resourcing Group Limited****Notes to the group financial statements (continued)  
For the year ended 30 June 2021****33 Related party transactions (continued)**

The following amounts were outstanding at the reporting end date:

<b>Amounts due to related parties</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Other related parties	881,888	755,349
	<u>          </u>	<u>          </u>

The following amounts were outstanding at the reporting end date:

<b>Amounts due from related parties</b>	<b>2021</b>	<b>2020</b>
	<b>Balance</b>	<b>Balance</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Key management personnel	321,080	304,658
Other related parties	458,502	98,453
	<u>          </u>	<u>          </u>

**Other information**

Guarantees of a total value of £1,000,000 (2020 - £1,000,000) have been given by key management personnel against the borrowings of the company.

**34 Directors' transactions**

Dividends totalling £1,605,616 (2020 - £1,492,125) were paid in the year in respect of shares held by the company's directors or their personal service companies.

Included with other payables due after more than one year are loan notes amounting to £2,000,000 (2020 - £2,000,000) issued to two of the directors. These loan notes attract interest at 15% in the year, are unsecured and have no fixed repayment date, although the directors have confirmed that they will not seek repayment before 30 June 2023. The interest charge of £250,000 has been recorded within finance costs.

During the year, £855,000 (2020 - £1,500,000) of board consultancy fees were paid to personal service companies controlled by two of the directors. At the balance sheet date the amounts due to the personal services companies was £nil (2020 - £95,000).

Included in other debtors due within one year are amounts due from the directors of £321,080 (2020 - £304,658), these amounts are unsecured, interest free and repayable on demand.



## Health Care Resourcing Group Limited

Notes to the group financial statements (continued)  
For the year ended 30 June 2021**35 Cash generated from group operations**

	2021	2020
	£	£
Profit for the year after tax	4,279,987	388,054
<b>Adjustments for:</b>		
Taxation (credited)/charged	(2,326,935)	1,000
Finance costs	1,541,456	1,710,634
Amortisation and impairment of intangible assets	1,751,815	989,314
Depreciation and impairment of property, plant and equipment	979,991	707,160
Gain on sale of investments	(200,000)	-
Increase in provisions	-	72,640
<b>Movements in working capital:</b>		
Increase in inventories	(223,066)	(377,857)
(Increase)/decrease in trade and other receivables	(15,437,009)	16,485,267
Increase in trade and other payables	11,213,509	5,512,426
<b>Cash generated from operations</b>	<u>1,579,748</u>	<u>25,488,638</u>

**36 Analysis of changes in net debt - group**

	1 July 2020	Cash flows 30 June 2021	
	£	£	£
Cash at bank and in hand	9,978,848	(3,706,246)	6,272,602
Bank overdrafts	(190)	184	(6)
	<u>9,978,658</u>	<u>(3,706,062)</u>	<u>6,272,596</u>
Borrowings excluding overdrafts	(15,097,018)	(5,312,851)	(20,409,869)
Obligations under finance leases	(1,508,766)	764,989	(743,777)
	<u>(6,627,126)</u>	<u>(8,253,924)</u>	<u>(14,881,050)</u>

