



Agenda

Commercial Ventures Executive Sub- Committee

Thursday, 3 June 2021 at 6.30 pm



This meeting will take place in accordance with Government guidance. Members of the Committee will assemble at the Town Hall, Reigate.



Members of the public may observe the proceedings live on the Council's website.

Members:

T. Archer (Chairman) and M. A. Brunt (Leader)

T. Schofield

V. H. Lewanski

Mari Roberts-Wood
Interim Head of Paid Service

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Reigate & Banstead
BOROUGH COUNCIL
Banstead | Horley | Redhill | Reigate

1. Election of Chair

To elect the Chair of the Commercial Ventures Executive Sub-Committee for the Municipal Year 2021/22

2. Election of Vice-Chair

To elect the Vice-Chair of the Commercial Ventures Executive Sub-Committee for the Municipal Year 2021/22

3. Apologies for absence

To receive any apologies for absence.

4. Declarations of interest

To receive any declarations of interest.

5. Minutes of the previous meeting

(Pages 5 - 6)

To approve the minutes of the meeting held on 29 April 2021 as a correct record.

6. Shareholder Actions - Companies Performance Update - Spring 2021 (Pages 7 - 34)

To review the Companies Performance Update .- Spring 2021 reviewed by Overview & Scrutiny Committee 18 March 2021

7. INVESTMENT OPPORTUNITIES - 3 JUNE 2021

8. PROPERTY ACQUISITIONS - 3 JUNE 2021

9. LOANS, GRANTS AND DRAW DOWN AGREEMENTS - 3 JUNE 2021

10. Exempt Business

RECOMMENDED that members of the Press and public be excluded from the meeting for the following item of business under Section 100A(4) of the Local Government Act 1972 on the grounds that:

- i. it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act; and
- ii. the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

11. **SHAREHOLDER ACTIONS - COMPANIES PERFORMANCE UPDATE EXEMPT**

12. **Any other business**

To consider any other urgent business.



Our meetings

As we would all appreciate, our meetings will be conducted in a spirit of mutual respect and trust, working together for the benefit of our Community and the Council, and in accordance with our Member Code of Conduct. Courtesy will be shown to all those taking part.



Streaming of meetings

Meetings are broadcast live on the internet and are available to view online for six months. A recording is retained for six years after the meeting. In attending any meeting, you are recognising that you may be filmed and consent to the live stream being broadcast online, and available for others to view.



Accessibility

The Council's agenda and minutes are provided in English. However, the Council also embraces its duty to anticipate the need to provide documents in different formats, such as audio, large print or in other languages. The Council will provide such formats where a need is identified prior to publication or on request.



Notice is given of the intention to hold any part of this meeting in private for consideration of any reports containing "exempt" information, which will be marked accordingly.

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Minutes of a meeting of the **Commercial Ventures Executive Sub-Committee** held at the **Remote - Virtual Meeting** on **Thursday, 29 April 2021 at 6.30 pm.**

Present: Councillors T. Schofield and V. H. Lewanski (Vice-Chair)

Also present: Councillors N. D. Harrison

38 Minutes of the previous meeting

RESOLVED to approve the minutes of the meeting held on 5 November 2020 as a correct record and **RESOLVED** to approve the minutes of the meeting held on 5 November 2020 as a correct record and the minutes would be signed as soon as reasonably practical.

39 Apologies for absence

Apologies were received from Councillor M Brunt.

40 Declarations of interest

There were no declarations of interest.

41 Investment and Company Governance Implementation

Councillor T Archer, Executive Member for Investment and Companies, introduced the Council's Investment and Company Governance and Restructuring Implementation Briefing Note and confirmed it provided the Commercial Ventures Executive Sub-Committee with a overview and summary of plans for the Council's commercial structures, as approved at the Commercial Ventures Executive Sub-Committee meeting of 30 January 2020.

Kirsty Jane Hill presented the prepared briefing note to the Sub-Committee, including the background to the current context, the previously approved decision, and intended structure, operational model and governance arrangements. It was identified that, whilst no further decisions were required at this time, due to the delay in implementation from the time of the decision, it was considered to be good practice to again note the details of the decision.

An observation was raised by Cllr Harrison regarding the proposed holding company structure, as set out in the briefing note. It was identified that Surrey County Council had previously utilised a similar structure, but had subsequently unwound it following encountering challenges related to the details of their arrangements. Attention was drawn to the benefits of limiting complexity wherever possible, such as regarding intermediary companies within the structure, and it was suggested that

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Commercial Ventures Executive Sub-Committee, Thursday, 29th April, 2021

officers and Members seek to discuss with Surrey County Council their recent experiences.

Cllr Archer confirmed that officers and Members would seek to engage with Surrey County Council re. their experiences and discuss any issues encountered.

A query was raised by Cllr Harrison regarding the diagram on page 10, seeking additional information regarding the reference to the 5-case business model, the future role of the Commercial Ventures Executive Sub-Committee and the operation of the Shareholder Panel.

It was identified that the role of the Commercial Ventures Executive Sub-Committee was yet to be confirmed, but that it might undertake the role of the Shareholder Panel, subject to review of terms of reference. It was identified that in addition to the current membership of the Sub-Committee, it was intended that additional persons, such as non-executive directors, would be invited to attend to provide additional expertise and information where appropriate.

Regarding the 5-case business model, this was identified to be a widely used industry standard model, as used by institutions such as the NHS and Welsh government, and took account of a range of factors, including strategic and socio-economic elements, commercial considerations, financial and management factors.

It was identified that the business model would be anticipated to be compatible with the Council's existing governance arrangements, but would also provide additional ease of understanding with external partners. It was noted that in the event of changes to existing governance arrangements, this would be undertaken through appropriate decision making avenues.

It was supported that additional written responses would be provided regarding the points raised, following the meeting.

RESOLVED, the briefing note was noted.

42 Exempt Business

RESOLVED that members of the Press and public be excluded from the meeting for the following items of business under Section 100A(4) of the Local Government Act 1972 on the grounds that:

- i) it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act; and
- ii) the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

43 Investment and Company Governance Implementation - EXEMPT

No exempt matters were raised for discussion.

44 Any other business

None.

The meeting finished at 6.54 pm



Signed off by	Director of Commercial and Investment
Author	Tom Borer, Policy Officer
Telephone	Tel: 01737 276717
Email	tom.borer@reigate-banstead.gov.uk
To	Overview & Scrutiny Committee
Date	Thursday, 18 March 2021
Executive Member	Portfolio Holder for Investment and Companies

Key Decision Required	No
Wards Affected	All Wards

Subject	Companies Performance Update – Spring 2021
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Recommendations
<p>1. To note the Spring 2021 Companies Performance Update, as set out in the report, and to make any observations for consideration by the Commercial Ventures Executive Sub-Committee.</p>
Reasons for Recommendations
To consider the performance of companies owned or part-owned by the Council, as of Spring 2021
Executive Summary
<p>This report provides an overview of the performance of the companies currently owned, or part-owned, by the Council.</p> <p>These companies currently consist of Greensand Holdings Limited, Horley Business Park Development LLP, and Pathway for Care Limited.</p> <p>All these companies are currently considered to be performing overall in line with the Council’s current objectives and expectations.</p> <p>Additional commercially sensitive supporting information is detailed in the exempt report set out in the Part 2 section of this agenda.</p>

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Statutory Powers

1. Section 1 of the Localism Act 2011 gives local authorities a general power of competence that enables them to do anything that a private individual is entitled to do, as long as it is not expressly prohibited by other legislation. Section 4 of the same Act directs that anything which is done for purely commercial purposes should be done through a company structure.
2. Companies and LLPs are governed by the Companies Act 2006; The Limited Liability Partnerships Act 2000; and The Limited Liability Partnerships Regulations 2001 (as amended principally by the Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2009).

Background

3. Local Authorities face ongoing financial challenges in recent years, due to a combination of reductions in central government funding, and increasing demand on services in many areas. Whilst Reigate and Banstead Borough Council has maintained a generally strong financial position, it remains essential for the Council to generate income beyond its statutory funding, if it is to continue to deliver and maintain the high level of services it currently provides and has planned to continue to provide as part of the Corporate Plan 2020-2025.
4. Whilst the Council pursued commercial activities before 2019, there was a Commercial Governance Review in 2018. Following that review, the activities have been overseen by the Commercial Ventures Executive Sub-Committee, and integrated within the Council's wider Service and Financial Planning.
5. These activities take place within financial limits set out as part of the Council's budget and capital programme.
6. To support good governance of the Council's companies, the Overview and Scrutiny Committee and the Commercial Ventures Executive Sub-Committee receive regular updates on the performance of these companies.
7. The last full update was considered in Autumn 2020.

Key Information

8. As identified in the Executive Summary, the Council currently owns or part-owns three companies. These are Greensand Holdings Limited, Horley Business Park Development LLP, and Pathway for Care Limited.
9. All these companies are currently considered to be performing in line with the Council's current objectives and expectations.
10. More detail of the current status and performance of the Council's interest in each company is set out below.

Greensand Holdings Limited

11. Greensand Holdings Limited is a property investment and development company, established to facilitate the Council's property investment activities. It is wholly owned by the Council. The creation of the company was authorised by the Executive on 15 September 2016.

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12. The company was initially funded through a loan from the Council. It generates an income from one of its property holdings and provides an income to the Council through interest on the loan.
13. The company has received £13,258,009 in loan funding from the Council.
14. The company currently holds one active property, which provides a rental income sufficient for the company to meet its loan obligations to the Council.
15. The current Directors of the company are William Pallett, Derek Beck and Councillor R. Michalowski.
16. The company, from a shareholder perspective, is currently judged to be performing well.
17. The Directors' Report and Audited Financial Statements for the year ended 31 December 2019 for Greensand Holdings Limited were provided as Annex 1 to the Companies Performance Update – Autumn 2020. The reports for the year ended 31 December 2020 have not yet been prepared.
18. Additional details are available in the exempt report set out in the Part 2 section of this agenda.

Horley Business Park Development Limited Liability Partnership

19. Horley Business Park Development LLP is a joint venture which was set up to bring forward planning, and subsequent development, of employment land in the Horley area. The creation of the company was authorised by the Executive on 15 October 2015, and a joint venture with Millhill Properties (Horley) Limited and Berwick Hill Properties Limited was established in 2016.
20. The partnership is funded through loans from the Council and its partners. It does not currently generate a profit, but is working towards the future development of the proposed Horley Business Park as a long term project.
21. Future plans are being revised in light of the occurrence of Covid-19, but progress continues to be made.
22. As per the question and response at Council on 11 February, a number of trees on land owned by Millhill Properties were felled in November 2020, without the knowledge or approval of the Council. As identified, there is a limited amount that can be shared at this time regarding the Council's relationship with Millhill, but as noted in February, the Council has acted via the Tree Preservation Process and is cooperating with the Police and Forestry Commission.
23. The Annual Report and Financial Statements for the year ended 31 December 2019 for Horley Business Park Development LLP were provided as Annex 2 to the Companies Performance Update – Autumn 2020. The reports for the year ended 31 December 2020 have not yet been published.
24. Additional details are available in the exempt report set out in the Part 2 section of this agenda.

Pathway for Care Limited

25. Pathway for Care Limited provides supporting living facilities and support for their residents at a number of sites in the borough and surrounding areas. As a

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shareholder, the Council is able to provide local expertise and experience in supporting vulnerable residents. The creation of the company was authorised by the Executive on 14 July 2016.

26. The Council is a minority shareholder in the company, with the majority shareholding held by Transforming Healthcare Group Limited. The Council has the right to appoint a director to the board of the company.
27. The Council also holds £1.1m redeemable preference shares in the company, redeemable in April 2023, which were converted from the Council's £1.1m loan to the company. When redeemed, these will provide a capital receipt for the Council, subject to the company holding sufficient funds to honour the redemption at that time.
28. The Council also stands to receive income from any dividends paid by the company. Total dividends are stipulated to be 50% of net profits generated by the company, subject to cash flow. Whilst the company has been investing in growing its services, it had not generated a profit until last year, and therefore had not yet provided a dividend income to the Council. Over 2020, the company reduced its voids, revised its operating model and consistently generated a monthly profit.
29. The company reported retained earnings of £8,623 for the year to 31 July 2020. This represents a net profit and will be monitored with regard to the coming year's earnings to ensure the Council's preference shares in the company are repaid when funds are available for distribution.
30. The current Directors of the company are Paul Green, Warren Richards; and Councillor V. Lewanski, the Council appointed Director.
31. The Annual Report and Financial Statements for the year ended 31 July 2020 for Pathway for Care Limited are provided as Annex 1 to this item.
32. Additional details are available in the exempt report set out in the Part 2 section of this agenda.

Forthcoming Business

33. The Council is currently developing Part 2 of its Commercial Strategy. This will help set out the Council's approach to further investments.
34. As individual projects are developed, these will be brought forward for consideration by relevant committees, and will be available for scrutiny as required.

RBBC Limited

35. RBBC Limited was incorporated on 30 September 2020 following the dissolution of the original RBBC Limited. It was created for the purpose of preserving the name to allow the Council to use the company name in the future. The directors, appointed for incorporation purposes, are the Director of People and the Director of Place. The company is inactive.

Legal Implications

36. There are no direct legal implications of this report.

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37. Where are decisions are made which effect the Council's companies, the legal implications of these decisions will be considered as part of the decision making process in each case.

Financial Implications

38. There are no direct financial implications of this report. The Council's annual statement of accounts incorporates the financial position of its companies as part of its group financial statements.
39. Where are decisions are made which effect the Council's companies, the financial implications of these decisions will be considered as part of the decision making process in each case.

Equalities Implications

40. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
 - Advance equality of opportunity between people who share those protected characteristics and people who do not;
 - Foster good relations between people who share those characteristics and people who do not.
41. The three parts of the duty applies to the following protected characteristics: age; disability; gender reassignment; pregnancy/maternity; race; religion/faith; sex and sexual orientation. In addition, marriage and civil partnership status applies to the first part of the duty.
42. There are no direct equalities implications of this report, however an awareness of the Council's obligations with respect to these duties should form part of the consideration of this report.
43. Where are decisions are made which effect the Council's companies, the equalities implications of these decisions will be considered as part of the decision making process in each case.
44. The Commercial Ventures Executive Sub-Committee shall generally have regard to the obligations of the Equality Act (2010) in conducting its role as the representative of the Council as a shareholder or partner in companies owned or part-owned by the Council.

Communication Implications

45. There are no direct communication implications as a result of this report. However, as identified in the Commercial Governance Framework, the Commercial Ventures Executive Sub-Committee shall have regard for the Local Authorities (Companies) Order 1995, which sets out the rights for authorities and individual Members to receive company specific information.

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Risk Management Considerations

46. All commercial ventures and investment activities contain an element of risk, and the Commercial Ventures Executive Sub-Committee shall consider these as part of the decision making process for any future decisions relating to companies owned or part-owned by the Council.
47. In monitoring the performance of companies owned or part-owned by the Council, the Commercial Ventures Executive Sub-Committee has regard to the fiduciary duty the Council owes to its rate and local tax payers, to the public law requirements to exercise the general power of competence for a proper purpose, and the requirements of the Commercial Governance Framework which forms part of the terms of reference of the sub-committee.

Policy Framework

48. The recommendations of this report are consistent with the Council's Policy Framework.
49. All actions undertaken by the Council shall have regard to the objectives of the Council's Corporate Plan and supporting policy framework, unless otherwise specified by statute.

Company Registration No. 10339398 (England and Wales)

PATHWAY FOR CARE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

PATHWAY FOR CARE LIMITED

COMPANY INFORMATION

Directors	W G Richards P S Green	(Appointed 27 September 2019)
Company number	10339398	
Registered office	The Cornerstone Oak Green Business Park Cheadle Hulme Cheadle Cheshire SK8 6QL	
Auditor	Mitchell Charlesworth LLP Glebe Business Park Lunts Heath Road Widnes Cheshire WA8 5SQ	

PATHWAY FOR CARE LIMITED

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PATHWAY FOR CARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2020

The directors present their annual report and financial statements for the year ended 31 July 2020.

Principal activities

The principal activity of the company continued to be provision of healthcare services.

Covid-19

The results and financial position reflect the impact of the COVID-19 pandemic on the business for the reporting period. The directors have taken appropriate steps to mitigate this impact. It is not possible to estimate the duration and impact of the COVID-19 pandemic on the financial position and results of the company for future periods.

Directors

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

W G Richards	(Appointed 27 September 2019)
P S Green	
I Hutchinson	(Resigned 15 July 2020)
J Jory	(Resigned 1 September 2020)
R Sidebottom	(Resigned 27 September 2019)

Auditor

Mitchell Charlesworth LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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 company's auditor 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 company's auditor is aware of that information.

PATHWAY FOR CARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Paul S Green
Director

11 November 2020

PATHWAY FOR CARE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PATHWAY FOR CARE LIMITED

Opinion

We have audited the financial statements of Pathway for Care Limited (the 'company') for the year ended 31 July 2020 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

PATHWAY FOR CARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PATHWAY FOR CARE LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

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

Auditor'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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

PATHWAY FOR CARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PATHWAY FOR CARE LIMITED

Use of our report

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



Robert Davies (Senior Statutory Auditor)
for and on behalf of Mitchell Charlesworth LLP

11 November 2020

Chartered Accountants
Statutory Auditor

Glebe Business Park
Lunts Heath Road
Widnes
Cheshire
WA8 5SQ

PATHWAY FOR CARE LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 JULY 2020

	Notes	2020 £	2019 £
Turnover		2,992,949	1,161,806
Cost of sales		(2,080,923)	(876,248)
Gross profit		<u>912,026</u>	<u>285,558</u>
Administrative expenses		(669,113)	(713,493)
Exceptional item	2	865,026	-
Operating profit/(loss)		<u>1,107,939</u>	<u>(427,935)</u>
Interest receivable and similar income		87	5
Profit/(loss) before taxation		<u>1,108,026</u>	<u>(427,930)</u>
Tax on profit/(loss)		(17,481)	245,549
Profit/(loss) for the financial year		<u>1,090,545</u>	<u>(182,381)</u>
Retained earnings brought forward		(1,081,922)	(899,541)
Retained earnings carried forward		<u>8,623</u>	<u>(1,081,922)</u>

PATHWAY FOR CARE LIMITED

BALANCE SHEET

AS AT 31 JULY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	4		37,815		12,998
Current assets					
Debtors	5	1,000,362		795,085	
Cash at bank and in hand		354,542		3,888	
		<u>1,354,904</u>		<u>798,973</u>	
Creditors: amounts falling due within one year	6	<u>(283,996)</u>		<u>(793,793)</u>	
Net current assets			1,070,908		5,180
Total assets less current liabilities			<u>1,108,723</u>		<u>18,178</u>
Capital and reserves					
Called up share capital	7	1,100,100		1,100,100	
Profit and loss reserves		8,623		(1,081,922)	
Total equity			<u>1,108,723</u>		<u>18,178</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 11 November 2020 and are signed on its behalf by:



Paul S Green
Director

Company Registration No. 10339398

PATHWAY FOR CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

Company information

Pathway for Care Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Cornerstone, Oak Green Business Park, Cheadle Hulme, Cheadle, Cheshire, SK8 6QL.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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.

1.2 Going concern

At the time of approving the financial statements and having due regard to the impact of COVID-19 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.

1.3 Turnover

Turnover 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

PATHWAY FOR CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

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:

Fixtures and fittings	33.33% Straight Line
IT Equipment	33.33% Straight Line

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 credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

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.

1.6 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.

1.7 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

PATHWAY FOR CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, 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.

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Equity instruments

Equity instruments issued by the company 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 company.

1.9 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 profit and loss account 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

PATHWAY FOR CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. 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 assets and liabilities relate to taxes levied by the same tax authority.

1.10 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 fixed 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.

1.11 Leases

Rentals payable 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 leases asset are consumed.

2 Exceptional item

	2020	2019
	£	£
Exceptional item	(865,026)	-

On 27th September 2019 the share capital of Pathway for Care Limited was acquired by Transforming Healthcare Group Limited. As part of the agreement the seller unconditionally and irrevocably released the company from all and any liability and/or obligation to pay any inter company debts. As such, all inter company balances have been written off during the year.

PATHWAY FOR CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

3 Employees

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

	2020 Number	2019 Number
Total	97	59

4 Tangible fixed assets

	Fixtures and fittings £	IT Equipment £	Total £
Cost			
At 1 August 2019	-	20,271	20,272
Additions	7,680	30,453	38,133
At 31 July 2020	7,680	50,725	58,405
Depreciation and impairment			
At 1 August 2019	-	7,273	7,272
Depreciation charged in the year	2,133	11,185	13,318
At 31 July 2020	2,133	18,457	20,590
Carrying amount			
At 31 July 2020	5,547	32,268	37,815
At 31 July 2019	-	12,998	12,998

5 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	666,080	312,919
Other debtors	106,214	236,617
	772,294	549,536
Deferred tax asset	228,068	245,549
	1,000,362	795,085

PATHWAY FOR CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2020

6	Creditors: amounts falling due within one year	2020	2019
		£	£
	Trade creditors	29,062	43,805
	Taxation and social security	53,767	-
	Other creditors	201,167	749,988
		<u>283,996</u>	<u>793,793</u>
7	Called up share capital	2020	2019
		£	£
	Ordinary share capital		
	Issued and fully paid		
	100 Ordinary of £1 each	100	100
		<u>100</u>	<u>100</u>
	Preference share capital		
	Issued and fully paid		
		<u>-</u>	<u>-</u>
	Preference shares classified as equity	1,100,000	1,100,000
	Preference shares classified as liabilities	(1,100,000)	(1,100,000)
		<u>-</u>	<u>-</u>
	Total equity share capital	<u>1,100,100</u>	<u>1,100,100</u>

PATHWAY FOR CARE LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2020

		2020		2019
	£	£	£	£
Turnover				
Sales		2,992,949		1,161,806
Cost of sales				
Purchases	35,730		15,569	
Wages and salaries	1,849,116		832,491	
Agency staff	196,077		28,188	
		<u>(2,080,923)</u>		<u>(876,248)</u>
Gross profit	30.47%	912,026	24.58%	285,558
Administrative expenses		(669,113)		(713,493)
Exceptional items				
Exceptional item	865,026		-	
		<u>865,026</u>		<u>-</u>
Operating profit/(loss)		1,107,939		(427,935)
Interest receivable and similar income				
Bank interest received	87		5	
		<u>87</u>		<u>5</u>
Profit/(loss) before taxation	37.02%	<u>1,108,026</u>	36.83%	<u>(427,930)</u>

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