Tributary Ltd

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 11999720

Tributary Ltd

Contents

Tributary Ltd

Company Information

Directors	J D Weight D M B Jolly
Registered number	11999720
Registered office	C/O Bridge, Burton & Trent Court Ashby Road Burton-On-Trent DE15 0LB
Independent auditor	BDO LLP Two Snowhill Birmingham B4 6GA
Bankers	Clydesdale Bank plc 30 St. Vincent Place Glasgow Scotland G1 2HL

Tributary Ltd

Strategic Report
For the Year Ended 31 December 2022

Introduction

The Directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2022.

The principal activity of the Company is the provision of nursing care to working age and older adults with mental health and associated complex health needs as well as behaviours that challenge.

Tributary Ltd, operating as Asquith Hall, is part of the Towerview Healthcare Group of companies which includes the following trading companies owned directly or indirectly by its subsidiary, Towerview Care Ltd; Veronica House Limited, operating as Veronica House Nursing Home; Deciduous Ltd, operating as Pennine Lodge; Inlet Ltd operating as Loxley Court; St Augustine Ltd operating as Smithy Bridge Court; Dale Topco Limited, operating as Bridge, Burton and Trent Court; Mamelon Ltd, operating as Grey Ferrers Nursing Home and Ravine Ltd, operating as Belle Vue Court.

Business review

The trade and assets of a residential care home, Tributary Ltd trading as Asquith Hall, were acquired in 2019. Since acquisition Tributary Ltd has continued to operate the existing home along with maintaining and developing close working relationships with funders including Local Authorities and Clinical Commissioning Groups. Our clear intention is to establish ourselves as a leading provider of specialist care within the area.

The Company has made a post taxation loss of £520,890 (2021 : £380,139) for the year ending 31 December 2022. The Company has also maintained an ongoing investment in the service including the development of the therapeutic roles based on site which will eventually include speech and language therapy, psychology, nutritionist, occupational therapy, hydrotherapy and physical therapy.

In accordance with expectations of the Directors, gross margin has remained consistent year on year.

During 2022 the company experienced some operational challenges that meant the average occupancy of 35 was lower than 2021 (48). Whilst there were fewer residents in the Home towards the end of 2022 the opportunity was taken to revisit the delivery model and underpin an improvement in quality ratings that was delivered in early 2023. This had the effect of increasing operating costs at the same time as reducing revenue, so increasing the loss compared to 2021. Since year end the financial performance of Asquith Hall has improved.

The Directors reference a number of financial and non-financial KPIs on a regular basis throughout the year in order to monitor the ongoing performance of the business. These cover such areas as average fees and costs, occupancy levels, margins and measures regarding the quality of our service. Two of the key financial KPIs are Revenue Growth and EBITDA.

Revenue Growth
Fees remain under review and whilst we will continue to implement initiatives around maintaining growth in revenue we will always be mindful of the need to provide a quality service for those who we support and the development of our staff. Due to the challenges noted above, 2022 saw a decline in revenue to £3,530,271 (2021 : £4,403,145).

EBITDA
The underlying EBITDA for the year was in-line with industry expectation for a mature specialist care business and continues to be experienced at these levels within the current trading period. However, due to the additional resources required in 2022 the EBITDA of the Home also reduced to £532,053 (2021 : £1,233,650)

Principal risks and uncertainties

Going concern

The Directors have considered the future performance of all subsidiaries in assessing the Group as a Going Concern and although the financial statements show a net current liability position for the current and previous periods, Obotritia Capital KGaA, has confirmed it will continue to support the company and other companies across the Towerview Care Group for a period of at least 12 months from the date of the financial statements. Since 31 December 2022, shareholders have provided £3.15m of funding to all subsidiaries of TV Bidco by way of a working capital loan.

Other risks and uncertainties include:

Availability of staff, including due to the impact of Brexit. This is under constant review to maintain and grow suitable staffing levels to support the service going forward. This activity is supported by the wider Group of companies under Towerview Care.

Availability of residents. At present Asquith Hall specialises in complex care and has strong referral relationships that has helped maintain occupancy levels. To safely maintain this going forward, the Head of Business Development role continues to develop strong working relationships with key funders while developing the reputation of both Asquith Hall and Towerview Care as a brand.

Financial key performance indicators

Financial risk management objective and policies have been established across the Towerview Care Group of Companies, these continue to focus on:

Fraud prevention - We continue to be vigilant during this time for any unsolicited payment requests, which are continuing to target business of all sizes. All Group companies remain part of the Cyber Essentials scheme to mitigate against any potential cyber based attacks.

Price risk - We are currently able to set our prices to reflect the cost base required in order to best meet the needs of people we care for. This is done carefully and sensitively in close working with the principal funders. Where peoples' needs changes, packages are re-priced based on their individual needs' assessment.

Credit risk - Credit risk is considered to be in line with the industry norm. Most customers are local authorities or CCG's, with very few residents being solely privately funded. We continuously have our debtors under review for ageing and collection targets to ensure dialogue is entered into with all of our customers.

Cash flow risk - Cash flow risk is considered to be low during the year and post year end. Working with local authorities and CCG's our debtor recovery is very high. Hence, the risk is that of managing cash outflows. The Company has access to adequate bank facilities and is a position post year end generating cash reserves.

Political - Changes to Government policies related to the care sector are considered as a risk, the expectation is that the impact in year and post year would be limited but potential impact in the medium to long term would need to be assessed to quantify.

This report was approved by the board and signed on its behalf.

DocuSigned by:

David Jolly

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D M B Jolly
Director

Date: 3 July 2023

Tributary Ltd

Directors' Report
For the Year Ended 31 December 2022

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

Results and dividends

The loss for the year, after taxation, amounted to £520,890 (2021 - loss £380,139).

The Directors do not propose a dividend for the year.

Directors

The Directors who served during the year and up until the date of the approval of this report were:

J D Weight
D M B Jolly
S Rowe (resigned 28 November 2022)

Going concern

In considering the preparation of the financial statements, the Directors have reviewed their trading and cash flow forecasts for a period of 12 months from the date on which the financial statements were approved. This reflects the expected commercial performance of the Company and across the other Towerview Care group companies as resources are shared across the group as a whole. The Directors have also considered the impact of all reasonably foreseeable downside outcomes, including lower occupancy levels, lower fee rates and available mitigation scenarios.

Although the financial statements show a net current liability position for the current and previous periods, Obotritia Capital KGaA, has confirmed it will continue to support the Company, the Towerview Care Group and other subsidiaries of TV Bidco Limited for a period of at least 12 months from the date of the financial statements. Since 31 December 2022, shareholders have provided £3.15m of funding to all subsidiaries of TV Bidco by way of a working capital loan.

Having regard to the potential impact of all reasonably foreseeable events and circumstances alongside the committed parent support, the Directors have formed an expectation that the Company and the wider Towerview Care group has adequate resources to be able to continue in operation, meet its liabilities as they fall due, and operate within its available cash resources and facilities over the period of assessment. As such the financial statements continue to be prepared on a going concern basis.

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for all of the Directors of Tributary Ltd.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the board and signed on its behalf by:

DocuSigned by:
David Jolly
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D M B Jolly
Director

Date: 3 July 2023

Tributary Ltd

Directors' Responsibilities Statement
For the Year Ended 31 December 2022

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditor's Report to the Members of Tributary Ltd

Opinion on the financial statements

In our opinion the financial statements:

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

We have audited the financial statements of Tributary Ltd ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

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

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

Tributary Ltd

Independent Auditor's Report to the Members of Tributary Ltd (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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.

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

Responsibilities of Directors

As explained more fully in the 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, UK GAAP, tax legislation, Health and Safety regulations and Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 and the Bribery Act 2010.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- review of minutes of Directors' board meetings throughout the year; and
- *obtaining an understanding of the control environment in monitoring compliance with laws and regulations.*

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates. We addressed this risk through testing of journals, assessing and challenging the significant accounting estimates made and evaluating whether there was any evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

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 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.

DocuSigned by:

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Paul Fenner (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham
United Kingdom

Date:03 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Tribukary Ltd

Statement of Comprehensive Income
For the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	**3,530,271**	4,403,145
Cost of sales		**(2,935,225)**	(2,889,642)
Gross profit		**595,046**	1,513,503
Administrative expenses		**(1,269,844)**	(1,236,541)
Other operating income	5	**39,530**	88,672
Operating (loss)/profit	6	**(635,268)**	365,634
Interest payable and similar expenses	9	**(3,712)**	(325,797)
(Loss)/profit before tax		**(638,980)**	39,837
Tax on (loss)/profit	10	**118,090**	(419,976)
Loss for the financial year		**(520,890)**	(380,139)

There was no other comprehensive income for 2022 (2021 - £Nil).

The notes on pages 14 to 27 form part of these financial statements.

Tributary Ltd
Registered number: 11999720

Statement of Financial Position
As at 31 December 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Intangible assets	11		**360,118**		414,814
Tangible assets	12		**9,443,085**		9,958,139
			9,803,203		10,372,953
Current assets					
Stocks	13	**-**		4,747	
Debtors: amounts falling due within one year	14	**2,228,103**		1,704,572	
Cash at bank and in hand	15	**2,064**		1,964	
		2,230,167		1,711,283	
Creditors: amounts falling due within one year	16	**(8,207,781)**		(7,619,275)	
Net current liabilities			**(5,977,614)**		(5,907,992)
Total assets less current liabilities			**3,825,589**		4,464,961
Provisions for liabilities					
Deferred tax	17		**(2,059,164)**		(2,177,646)
Net assets			**1,766,425**		2,287,315
Capital and reserves					
Called up share capital	18		**4,540,039**		4,540,039
Profit and loss account	19		**(2,773,614)**		(2,252,724)
			1,766,425		2,287,315

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:
David Jolly
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D M B Jolly
Director

Date: 3 July 2023

The notes on pages 14 to 27 form part of these financial statements.

Tributary Ltd

Statement of Changes in Equity
For the Year Ended 31 December 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022	4,540,039	(2,252,724)	2,287,315
Comprehensive loss for the year			
Loss for the year	-	(520,890)	(520,890)
Total comprehensive loss for the year	-	(520,890)	(520,890)
At 31 December 2022	4,540,039	(2,773,614)	1,766,425

Statement of Changes in Equity
For the Year Ended 31 December 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	4,540,039	(1,872,585)	2,667,454
Comprehensive loss for the year			
Loss for the year	-	(380,139)	(380,139)
Total comprehensive loss for the year	-	(380,139)	(380,139)
At 31 December 2021	4,540,039	(2,252,724)	2,287,315

The notes on pages 14 to 27 form part of these financial statements.

Tributary Ltd

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

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1. General information

Tributary Ltd is a private company limited by shares and incorporated in England and Wales under the Companies Act. The address of the registered office is C/O Bridge, Burton & Trent Court, Ashby Road, Burton-On-Trent, England, DE15 0LB. The nature of the Company's operations and its principal activity is the provision of nursing care to working age and older adults with mental health and associated complex health needs as well as behaviours that challenge.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are prepared in Pounds Sterling (£), which is the functional currency of the Company, and are rounded to the nearest whole pound.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been consistently applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Obotritia Capital KGaA as at 31 December 2022 and these financial statements may be obtained from August-Bebel-Str. 68, 14482, Potsdam, Germany.

2. Accounting policies (continued)

2.3 Going concern

Having regard to the potential impact of all reasonably foreseeable events and circumstances, the Directors have formed an expectation that the Company and the wider Towerview Care group has adequate resources to be able to continue in operation, meet its liabilities as they fall due and operate within its available cash resources and facilities over the period of assessment. Although the financial statements show a net current liability position for the current and previous periods, Obotritia Capital KGaA, has confirmed it will continue to support the company for a period of at least 12 months from the date of the financial statements. As such the financial statements continue to be prepared on a going concern basis.

Wages, utility costs and other price inflations have been factored into the forecasts of the Company and other Group companies and the Directors consider that there are no other indicators to suggest that the Company is not a going concern.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover comprises the fair value of fee income receivable for the period in respect of care that has been provided in the relevant period. Turnover invoiced in advance is held in deferred income until the service has been provided whilst revenue billed in arrears is included in accrued income.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature, including furlough income received under the UK Government Coronavirus Job Retention Scheme are recognised in the Statement of Comprehensive Income under other operating income in the same period as the related expenditure.

2.7 Finance costs

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

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

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

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

2.10 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life of 10 years.

Tributary Ltd

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

2. Accounting policies (continued)

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

Freehold property	- 5% per annum
Motor vehicles	- 20% per annum
Fixtures, fittings and other equipment	- 10-33% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Where second hand assets have been acquired, the assets are brought in at their depreciated replacement cost and depreciated over their remaining useful life based upon the depreciation method stated above.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.15 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a Director in the case of a small Company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have had to make the following estimates and judgements:

Goodwill (see note 11)

The Directors have applied judgement in determining whether the useful life of goodwill determined when the asset was capitalised remains appropriate, with reference to the period over which its benefit will arise. The Directors also exercise judgement in determining whether there are any indicators of the need to impair the carrying value of the goodwill.

Tangible fixed assets (see note 12)

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Recoverability of trade debtors and accrued income (see note 14)

The estimates and assumption used to assess the recoverability of trade debtors consist of the payments received against balances, the payment history and the Directors assessment to credit risk. The carrying amount in trade debtors is included in note 14.

Balances with group undertakings

The Directors remain confident of the wider Group delivering a significant year on year improvement in EBITDA for 2023 and beyond, so positioning the Group to generate positive cash returns. The Directors have concluded that the present value of the future cashflows of the other trading entities are sufficient to support the carrying value of all intragroup balances as they reflect distribution of borrowings and are deemed to be recoverable based on future cashflows.

4. Turnover

The whole of the turnover is attributable to the Company's principal activity of the provision of nursing care to working age and older adults with mental health and associated complex health needs as well as behaviours that challenge.

All turnover arose within the United Kingdom.

Tributary Ltd

5. Other operating income

	2022 £	2021 £
Other operating income	**36,573**	-
Government grants received relating to COVID	**2,957**	88,672
	39,530	88,672

Furlough income relates to credits received under the UK Government Coronavirus Job Retention Scheme.

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	**600,102**	591,372
Amortisation of intangible fixed assets	**54,696**	54,696
Impairment loss in respect of bad and doubtful trade debtors	**-**	16,689
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**21,500**	16,905
Fees payable to the Company's auditor and its associates in respect of:		
- Preparation of financial statements	**1,965**	1,785
- Tax compliance services	**3,182**	3,308
- All other services	**773**	683

Tributary Ltd

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

7. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	**1,444,935**	1,816,288
Social security costs	**122,500**	147,619
Cost of defined contribution scheme	**19,763**	21,754
	1,587,198	1,985,661

The average monthly number of employees, including the Directors, during the year was as follows:

	2022 No.	2021 No.
Employees	**90**	110

8. Directors' remuneration

Directors' remuneration is borne by other group companies. It is not possible to allocate their remuneration to each of the individual entities.

9. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	**3,712**	325,797

Tributary Ltd

10. Taxation

	2022 £	2021 £
Corporation tax		
Adjustments in respect of previous periods	**392**	-
Total current tax	**392**	-
Deferred tax		
Origination and reversal of timing differences	**1,244**	(135,078)
Adjustments in respect of prior periods	**(119,726)**	555,054
Total deferred tax	**(118,482)**	419,976
Taxation on (loss)/profit	**(118,090)**	419,976

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
(Loss)/profit before tax	**(638,980)**	39,837
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**(121,406)**	7,569
Effects of:		
Ineligible depreciation	**113,466**	114,902
Adjustments in respect of previous periods	**1,636**	-
Effects of changes in tax rates	**(28,735)**	522,635
Group relief	**-**	(119,839)
Timing differences not recognised in the computation	**-**	(94,818)
Movement in deferred tax not recognised	**-**	(10,473)
Capital gains	**(94,818)**	-
Tax losses carried back	**11,767**	-
Total tax charge for the year	**(118,090)**	419,976

Tribulary Ltd

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

10. Taxation (continued)

Factors that may affect future tax charges

The Corporation tax is calculated at 19% (2021 - 19%) of the estimated assessable profit for the year.

On the 3rd March 2021 Budget it was announced that the UK corporation tax rate will increase to 25% from 1 April 2023. This was substantively enacted on 24 May 2021. As this rate was substantively enacted at the Statement of Financial Position date it has been used to calculate the deferred tax balances.

11. Intangible assets

	Goodwill £
Cost	
At 1 January 2022	**547,000**
At 31 December 2022	**547,000**
Amortisation	
At 1 January 2022	**132,186**
Charge for the year	**54,696**
At 31 December 2022	**186,882**
Net book value	
At 31 December 2022	**360,118**
At 31 December 2021	414,814

Tributary Ltd

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

12. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures, fittings and other equipment £	Total £
Cost				
At 1 January 2022	**11,018,887**	**7,875**	**361,108**	**11,387,870**
Additions	**59,787**	**-**	**31,761**	**91,548**
Disposals	**(6,500)**	**-**	**-**	**(6,500)**
At 31 December 2022	**11,072,174**	**7,875**	**392,869**	**11,472,918**
Depreciation				
At 1 January 2022	**1,256,630**	**5,472**	**167,629**	**1,429,731**
Charge for the year	**551,001**	**1,572**	**47,529**	**600,102**
At 31 December 2022	**1,807,631**	**7,044**	**215,158**	**2,029,833**
Net book value				
At 31 December 2022	**9,264,543**	**831**	**177,711**	**9,443,085**
At 31 December 2021	9,762,257	2,403	193,479	9,958,139

The value of land not depreciated is £1,000,000 (2021 - £1,000,000).

13. Stocks

	2022 £	2021 £
Finished goods	-	4,747

There is no material difference between the replacement cost of stocks and the amounts stated above.

14. Debtors

	2022 £	2021 £
Trade debtors	**307,426**	587,772
Amounts owed by group undertakings	**1,870,262**	1,069,245
Other debtors	**5,977**	4,461
Prepayments and accrued income	**44,438**	43,094
	2,228,103	1,704,572

The impairment loss recognised in the Statement of Comprehensive Income for the year in respect of bad and doubtful trade debtors was £Nil (2021 - £16,689).

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

15. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	**2,064**	1,964
Less: bank overdrafts (note 16)	**(106,794)**	(123,126)
	(104,730)	(121,162)

16. Creditors: amounts falling due within one year

	2022 £	2021 £
Bank overdrafts	**106,794**	123,126
Trade creditors	**406,015**	192,327
Amounts owed to group undertakings	**7,318,626**	6,881,805
Other taxation and social security	**22,524**	33,457
Other creditors	**70,282**	41,045
Accruals	**208,878**	227,610
Deferred income	**74,662**	119,905
	8,207,781	7,619,275

Bank overdrafts are secured by a legal charge over the freehold property.

Amounts owed to group undertakings comprise of a non interest bearing unsecured loan and recharges arising from operational activities both of which are payable on demand.

Tributary Ltd

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

17. Deferred taxation

	2022 £	2021 £
At beginning of year	**(2,177,646)**	(1,757,670)
Credited/ (charged) to profit or loss	**118,482**	(419,976)
At end of year	**(2,059,164)**	(2,177,646)

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	**4,274**	10,195
Pension contributions	**874**	1,230
Arising on business combinations;	**(2,064,312)**	(2,189,071)
	(2,059,164)	(2,177,646)

The deferred tax position arising on business combinations has been reduced by £124,759 (2021 - £137,512) as a result of ineligible depreciation. However, the amendment to the deferred tax rate - increasing from 19% to 25% - has resulted in an overall increase in the deferred tax asset and liability associated with the business combination.

There is £324,106 (2021 - £324,106) of unrecognised deferred tax assets in respect of any future sale of the freehold property at an amount equal to or in excess of the cost of acquisition.

18. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
4,540,039 Ordinary shares of £1.00 each	**4,540,039**	4,540,039

19. Reserves

The Company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid.

20. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £19,763 (2021 - £21,754). Contributions totalling £3,493 (2021 - £4,919) were payable to the fund at the reporting date and are included in other creditors.

21. Other financial commitments

Cross guarantees are provided as security on loan and overdraft facilities held by other members of the group. The aggregate amount secured at the Statement of Financial Position date was £72.8m (2021 - £64.2m). No debt is repayable until 2028.

22. Related party transactions

The Company has taken advantage of the disclosure exemptions in preparing these financial statements, as permitted by FRS 102, which includes the requirements of Section 33 Related Party Disclosures not to disclose transactions between wholly owned members of the Group.

23. Controlling party

The immediate parent of the Company is Reservoir Ltd. Reservoir Ltd's immediate Parent Company is Towerview Care Ltd, which in turn is ultimately controlled by Obotritia Capital KGaA a company incorporated in Germany. This ultimate Parent Undertaking is both the smallest and largest group for which consolidated accounts are prepared.

Obotritia Capital KGaA
August-Bebel-Str. 68
14482 Potsdam

The Directors do not consider there to be one ultimate controlling party of the Group due to the shareholding structure.