

InHealth Intelligence Limited

Annual Report and Financial Statements for the Year Ended 30 September 2022



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Company Information

Directors:

R J Bradford

P M Kirby

A G Searle

S J Scott

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Registered Number:

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Strategic Report

The principal activity of the Company is that of the provision of Diabetic Eye Screening Programmes, the management of Child Health Information Services and Information Analytics to support healthcare professionals with relevant information and effective resource management tools to improve patient care for NHS patients and commissioners.

The Company's trading activity generated revenue of £37.5 million (2021: £34.2 million). InHealth Intelligence now employs 801 dedicated and committed people, as at 30 September 2022, the majority working with patients every day across England. We believe that investing in training for all of our people is important for their development so that they can reach their full potential and are then able to deliver excellent care to all of our patients.

Constantly increasing demand for healthcare is an ongoing challenge for the UK as well as the rest of the world, with a clear need for providers to increase efficiencies and introduce new models of care, whilst maintaining quality and increasing focus towards prevention and early detection. This requires changes in operating systems, location, leadership, culture, capability and considerable capital investment. The Company supports these requirements, working with patients, providers, commissioners and referrers. Our flexible and dynamic approach is helping to meet some of healthcare's most pressing challenges; by reducing waiting times, speeding up diagnoses, saving money and improving the overall patient experience. We invest capital and design and adapt our solutions to meet changing demands from region to region. We work collaboratively with the NHS seeking to enhance and improve performance continuously.

The pace of change in healthcare also means that tailor-made, flexible solutions often need to be delivered quickly and InHealth can offer shorter term mobile services delivering operational and financial benefits. InHealth demonstrates efficiencies by investing in the best, most modern equipment, thus minimising downtime and maximising utilisation of assets and strives to improve speed, quality and value through productivity and innovation. In an increasingly workforce-constrained environment, our ongoing investment in recruiting, training and developing staff is another key contributor to our success.

The Directors have assessed forecasts for the next 12 month period from the date of the approval of the Financial Statements and considers that sufficient funds are available to meet liabilities as they fall due and therefore prepared the Financial Statements on a going concern basis (see note 1.2 for further information on the going concern basis of preparation).

Key performance indicators

Management monitors progress by reference to Key Performance Indicators (KPIs), which include clinical indicators, revenue, margin return on revenue and profit before tax. Patient satisfaction and employee engagement is monitored at a Group level (see KPIs in Strategic Report of the InHealth Group Limited accounts).

Clinical performance is closely monitored with a range of measures and metrics. Incident reporting is paramount to this and has weekly formal review. We may receive periodic inspections from the CQC in relation to our CQC registered sites and services. The outcomes of such inspections are available via the CQC website.

The Company's revenue in the year for continuing operations was £37.5 million (2021: £34.2 million), generating an operating profit margin of 10% (2021: 9%) and a profit after tax for the year at £2.9 million (2021: £2.4 million).

The net assets of the Company have increased to £11.9 million (2021: £9.0 million) largely driven by the positive trading performance.

InHealth Intelligence Limited has again not paid any dividends and instead has continued to reinvest cash generated back into the Company to support future growth.

Strategic Report (continued)

Progress through the year

Despite the impact of COVID-19 the Company continues to look to strengthen its service offer to its customers.

During the financial year we delivered diabetic eye screening appointments for over 854,000 patients with diabetes, across our 11 DESP services; managing a population of over 1.1 million patients with diabetes. We are extremely proud of our staff and the high-quality DESP service we deliver. For the NHS financial year 2021/22 our DESP service uptake rate (a key measure of performance) was 82.1% (6.9% higher) compared to all other DESP service providers.

We are committed to continuing to raise uptake rates so that the maximum number of patients gain benefit from the screening programmes. This high-quality service and our commitment to continual improvement have enabled us to win more new contract related services including some community ophthalmic services.

Our Child Health Information Services are now well established, and we continue to work hard to improve data quality and extend the use of interfaces to import and export data, reducing the need for manual processing and data entry.

The Company has continued to invest significant sums in the development of its own software solutions to ensure that the Company continues to provide an excellent service to our NHS customers and patients and provide a platform for continued growth in the coming years. The Company has also expanded its services to support the delivery of a number of Targeted Lung Health Check services provided by another member of the InHealth Group, supporting the early diagnosis of Lung Cancer and enabling earlier diagnosis and improved patient outcomes.

Development and future outlook

The Company anticipates that it will continue to have opportunities to grow where healthcare challenges meet with our skills and capabilities to offer clinical excellence, efficiency and productivity benefits to our patients and customers. The Company will continue to support NHS partners with services and solutions. The Company continues to be ready and willing to make investment, including the provision of capital, in long term projects to support the NHS with its short, medium and long term objectives.

Throughout the year and since the year end the Company has continued to invest in growing equipment capacity, often ahead of contracted demand. A rigorous policy is followed to keep all assets maintained to a high standard including regular upgrades to keep equipment current with technological developments. Movements in fixed assets during the year are set out in note 11 to the Financial Statements.

Principal risks and uncertainties

All risks are monitored on an on-going basis by the Directors and strategies are developed as appropriate to mitigate against such risks and minimise their impact. The principal risks and uncertainties of the Company are set out below.

Regulatory risk

Regulatory compliance is extremely closely monitored with rigorous internal governance. Our Chief Medical Officer reports directly to the Board, and oversees a Board to Floor Governance structure. Internal compliance is enhanced with clinical quality audits performed across the Group, including the Company.

External regulatory compliance is captured across a range of interactions, notably accreditation with relevant ISO standards and inspections from CQC.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Political and Economic risk

The global political landscape, the war in Ukraine, combined with the lingering impact of COVID-19 has severely impacted many local economies around the globe and is creating considerable uncertainty for economies and markets. This has created inflationary pressures on a number of key supply chains with inflation at its highest level for well over a decade. Governments and central banks have responded with monetary and fiscal interventions to attempt to stabilise economic conditions. The Directors believe that our business resilience is sufficient to deal with this, but the impact on economies and markets will be highly correlated with the effectiveness of these measures.

Supply chain risk

Disruptions to supply chain could create a risk to service delivery. Post the COVID-19 outbreak enhanced contingency plans in relation to supply chain have been implemented across all service lines. Effective communication with suppliers and key stakeholders is essential to mitigating this risk. Where feasible and practical the Company will use a range of suppliers to mitigate a potential single point of failure.

Reputational risk

Damage to our reputation could have serious ramifications on current and future business. The Company holds itself to extremely high standards in everything it does. In the clinical domain this is extremely pertinent with stringent clinical governance policies and procedures implemented, reviewed, and monitored across the Group, including the Company, and robust controls in place for managing patient information. The Board oversees a Board to Floor Governance structure to ensure adherence to Governance policies.

Pricing risk

The Company faces exposure to potential pricing risk, particularly that driven by NHS National Tariff Payment System. It is essential for sustainability of services and long-term planning that commensurate payment is given to providers relative to actual costs of service delivery. We communicate with the NHS both individually and collectively with other independent providers to mitigate this risk. This risk is further mitigated by the Company having a broad range of customers across numerous service lines reducing single customer dependency.

S172(1) Statement: Directors' statement of compliance with duty to promote the success of the Company

Engaging with stakeholders

The Directors have a duty to promote the success of the Company which is a key consideration when determining the Company's strategy. Building positive relationships with stakeholders that share our values is important to us and working together towards shared goals assists us in delivering long-term sustainable success.

The leadership teams of each service make decisions with a long-term view in mind and with the highest standards of conduct in line with Company policies. In order to fulfil their duties, the Directors of each service and the Company take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken. In instances when the Directors do not have all the information relevant to a decision, it is important to consider the expertise of others and care is taken to assess the source, quality and quantity of all information available.

Strategic Report (continued)

Reports are regularly made to the Group Board by the operating units about the strategy, performance and key decisions taken which provides the Board with assurance that proper consideration is given to stakeholder interests in decision-making. At Group level, the Board is well informed about the views of stakeholders through regular reporting and it uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process. Details of the Group key stakeholders and how we engage with them are set out below.

S172(1) Statement: Directors' statement of compliance with duty to promote the success of the Company (continued)

For key decisions made by the Group Board refer to the Strategic Report of InHealth Group Limited.

Shareholders

As owners of our Company we rely on the support of shareholders and their opinions are important to us. Discussions with shareholders cover a wide range of topics including financial performance, strategy, outlook, governance and ethical practices. Shareholder feedback is regularly reported and discussed by the Board on a monthly basis and their views are considered as part of decision-making.

Colleagues

Our people are key to our success and we want them to be successful individually and as a team. The Directors aim to attract and retain talented employees from diverse backgrounds and industries by building a culture based on integrity, respect and inclusion in which people have opportunities to do purpose-driven work that impacts patients and our communities. There are many ways we engage with and listen to our people including colleague surveys, staff forums, listening groups, face-to-face briefings, internal communities, and newsletters. In 2022, key areas of focus include health and well-being, equality, diversity and inclusion, development opportunities, pay and benefits and long service recognition. Regular reports about what is important to our colleagues are made to the Directors ensuring consideration is given to colleague needs and members of the Executive Team attend staff partnership forums to hear feedback directly.

The Company employs 801 dedicated and committed people, as at 30 September 2022, the majority working with patients every day in both hospital and community settings across the UK. We believe that investing in training is a key reason that staff are attracted to InHealth as an employer, subsequently enabling them to reach their full potential enabling the delivery of excellent care to all of our patients.

Customers

We have 20 separate NHS payor customer contracts, and an understanding of the requirements of working nationally, regionally and locally to serve and enhance patient needs. Last year, we served over 2.6 million patients across the Group. Our ambition is to ensure every patient receives their medical test, scan or examination quickly and delivered to the highest standard of care. We seek to understand their needs and views and listen to how we can improve our service for them through our patient feedback process. We use this knowledge to inform our decision-making, to tailor our offering to suit patient demands, providing greater accessibility, choice and efficiency of service.

Suppliers

We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships, continuously assessing the priorities of those with whom we work. Key areas of focus include innovation, product development, health and safety and sustainability. The Directors recognise that relationships with suppliers are important to the Company's long-term success and are briefed on supplier feedback and issues on a regular basis.

Strategic Report (continued)

S172(1) Statement: Directors' statement of compliance with duty to promote the success of the Company (continued)

Communities

Delivering InHealth's purpose to make healthcare better requires strong mutually beneficial relationships with hospitals and commissioners across the NHS and independent sector. We engage with the communities in which we operate to build trust and understand the local issues that are important to them. We partner with local charities to raise awareness and funds. The key issues and themes across local communities are reported back to the Directors. The impact of decisions on the environment both locally and nationally is considered with initial concentration on fleet transport and generator emissions reduction.

Government and regulators

We engage with the government and regulators through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to healthcare organisations. Key areas of focus are compliance with laws and regulations, health and safety and product safety. The Directors are updated on legal and regulatory developments and take these into account when considering future actions.

Corporate and social responsibility

The Company is committed to transparency and ethical behaviour in all of its activities, as well as making a positive social, economic and environmental contribution to the community in which it operates. The Company strives to be open and honest in communicating its policies, strategies, targets, performance and governance to its stakeholders. The Company is proud of the way in which its employees demonstrate their commitment and integrity, both in their day to day work, but also through their work with charities, communities and environmental projects every year.

InHealth actively pursues a stance of zero tolerance for discrimination of any kind. All employees attend a course designed to highlight equality and diversity issues they may face in the workplace and to reinforce company strategy. This is refreshed on a regular basis as we continue to seek to develop and improve our approach. The Company has a specific, executive chaired, Equality, Diversity and Inclusion forum. We have a number of further mechanisms to allow employees to speak up including a team of Freedom to Speak up Guardians, and our staff partnership forum acts as a further mechanism to escalate issues and shape policy and practice.

The Company is committed to acting with integrity and transparency in all tax matters as part of its corporate responsibility.

Strategic Report (continued)

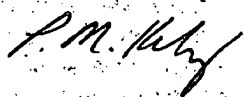
Climate change and sustainability

The Company endeavours to continually improve its environmental performance and manage the impact of its operations. Our initial work is focussed on transport and our mobile fleet as we look to reduce emissions across the Group and move towards a goal of carbon neutrality. We regularly review our environmental policy to ensure that it reflects changes in regulations and best practice. The approach to Corporate and Social Responsibility is reviewed on an annual basis in a continual commitment to sustainable and responsible development.

InHealth Group Limited, the smallest group in which the Company is consolidated, is preparing a Group Directors' Report which includes the required energy and carbon disclosures for the Group and its subsidiaries. The Company is eligible for exemption from reporting energy and carbon information because it meets the following criteria:

- It is a subsidiary undertaking as at 30 September 2022;
- The Company is included in the Group report of its parent;
- The Group report of the parent is prepared for the financial year ended 30 September 2022; and
- The Group report complies with relevant obligations on the parent to report energy and carbon information for themselves and their subsidiaries

Approved by the Board and signed on its behalf by:



P. M. Kirby

Director

28 June 2023

Directors' Report

The Directors present their report and audited Financial Statements for the Company for the year ended 30 September 2022.

Principal activities

The principal activities of the Company in the period under review was the provision of Diabetic Eye Screening Programmes, the management of Child Health Information Services and Information Analytics to support healthcare professionals with relevant information and effective resource management tools to improve patient care for NHS patients and commissioners.

On 27 April 2022 the Company changed its name from Health Intelligence Limited to InHealth Intelligence Limited to align with the companies in the InHealth Group.

Business review

Revenue for the year was £37.5 million (2021: £34.2 million), generating an operating profit of £3.7 million (2021: £3.0 million).

Proposed dividend

The Directors do not recommend the payment of a dividend (2021: £nil).

Directors

The Directors who held office during the year and up to the date of signing the Financial Statements were as follows:

R J Bradford

P M Kirby

A G Searle

D M Petrie (resigned 7 February 2022)

S J Scott (appointed 7 February 2022)

Political donations

The Company made no political donations (2021: £nil).

Employees

Our people are central to our success in both delivering existing business and winning new contracts. Investment in our people and in building the right working environment will continue to be a priority. As outlined in the 'Colleagues' section of the S172 Statement in the Strategic Report, the Board has provided employees with information on matters of concern to them, consulted employees on a regular basis so views are considered when making decisions, and encouraged employee feedback and engagement. The Company employs 801 (2021: 723) highly skilled and trained professionals, as at 30 September 2022, with many years of experience working within the health sector. The Board remains grateful for the contributions made by all individuals.

Employee involvement

The Company's policy is to consult with employees on matters likely to affect the employees' interests. Information on matters of concern to employees is given through information bulletins and reports, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

Employment of disabled people

It is the Company's policy that disabled people are given the same consideration as other applicants for all job vacancies for which they offer themselves as suitable candidates. Similarly, the Company's policy is to continue to employ and train employees who have become disabled, wherever possible.

Every effort has been made to ensure that line managers fully understand that disabled people must have the prospects and promotional opportunities that are available to other employees.

The Company makes appropriate modifications to procedures and equipment where it is practical and safe to do so.

Directors' Report (continued)

Financial instruments

During the year the Company's operations exposed it to certain financial risks such as credit risk and liquidity risk, as described below. The Company has a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of cash.

Credit risk

The Company's principal financial assets are bank balances and trade debtors, which represent the Company's maximum exposure to credit risk in relation to financial assets. The Company's credit risk is primarily attributable to its trade debtors. The Directors provide robust guidelines to minimise credit risk however, given the nature of its customers, the Company does not have significant exposure in this area.

Liquidity risk

The Company's policy has been to ensure continuity of funding for operations via additional credit facilities to aid short-term flexibility. The Company has a strong cash position, has cash generation ability and maintains overdraft facilities (that are not drawn upon) to ensure that obligations associated with the financial liabilities of any subsidiary can be met. The Directors are satisfied that the Company can meet the obligations associated with its financial liabilities and believe there is no material risk of the Company not being able to do so.

Research and Development activities

Due to the continual need for high standards of care in healthcare, the Company has undergone developmental activities for the benefits and satisfaction of patients in both acute and primary care settings. The Company has expanded developments into digital infrastructure for automations and utilisation of future functionalities that require artificial intelligence.

Directors' indemnities

Qualifying third party indemnity provisions for the benefit of Directors were in force throughout the last financial year and is currently in force at the date of approval of the Annual Report and Financial Statements.

Future developments

An indication of likely future developments in the business have been included in the Strategic Report. There are no significant events which have occurred since the end of the financial year that are to be disclosed as a post balance sheet event.

Disclosure of information to auditor

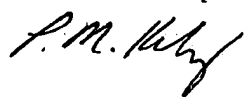
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' Report *(continued)*

Independent Auditors

KPMG LLP resigned as auditors of the Company on 23 October 2022 and confirmed in accordance with section 509 of the Companies Act 2006 that there were no circumstances which should be brought to the attention of the Company's shareholders or creditors. The Company accepted their resignation. PricewaterhouseCoopers LLP have been appointed auditors of the Company in accordance with section 485 of the Companies Act 2006. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and pursuant to Section 487 of the Companies Act 2006, they will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Approved by the Board and signed on its behalf by:



P M Kirby
Director
28 June 2023

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of InHealth Intelligence Limited

Report on the audit of the financial statements

Opinion

In our opinion, InHealth Intelligence Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 September 2022; the Profit and Loss Account and Other Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and,

accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material

misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and Corporate Tax Legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We 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 accounting entries to manipulate financial results, specifically revenue and EBITDA. Audit procedures performed by the engagement team included:

- Held discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and/or fraud;
- Evaluated the design effectiveness of management's control activities designed to prevent and detect irregularities of management's controls designed to prevent and detect irregularities;
- Reviewed meeting minutes of the board of directors for consideration of known or suspected instances of non-compliance with laws and regulations and/or fraud;
- Challenged assumptions and judgements made by management in their significant accounting estimates and material judgements;
- Evaluated whether there was evidence of management bias that represented a risk of material misstatement due to fraud and assessed the rationale for significant contracts and transactions entered;
- Identified and tested journal entries based on our risk assessment;
- Reviewed the disclosures in the Annual Report against the specific legal requirements; and
- Incorporated elements of unpredictability into our audit procedures.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

InHealth Intelligence Limited
Annual Report and Financial Statements
For the Year Ended 30 September 2022

- the financial statements are not in agreement with the accounting records and returns.
- We have no exceptions to report arising from this responsibility.



Alex Upton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
4 July 2023

**Profit and Loss Account and Other Comprehensive Income
for the year ended 30 September 2022**

	Note	2022 £000	2021 £000
Revenue	3	37,531	34,199
Cost of sales		(18,469)	(17,143)
Gross profit		19,062	17,056
Administrative expenses		(15,394)	(14,079)
Operating profit	4	3,668	2,977
Interest receivable and similar income	7	13	10
Interest payable and similar expenses	7	(47)	(63)
Profit before taxation		3,634	2,924
Tax on profit	8	(717)	(549)
Profit for the financial year		2,917	2,375
Other comprehensive (loss)/income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial loss on defined benefit schemes		(6)	-
Movement of deferred tax relating to pension surplus	18	2	-
Other comprehensive loss for the year		(4)	-
Total comprehensive income for the year		2,913	2,375

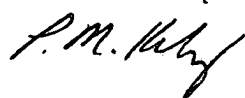
The accompanying notes on pages 19 to 36 form part of these Financial Statements.

Balance Sheet

As at 30 September 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Intangible assets	9		993		861
Tangible assets	10		3,655		3,421
			4,648		4,282
Current assets					
Stocks	11	44		23	
Debtors	12	18,868		3,750	
Bank and cash balances		3,007		12,278	
		21,919		16,051	
Creditors: amounts falling due within one year	13	(13,258)		(9,882)	
Net current assets			8,661		6,169
Total assets less current liabilities			13,309		10,451
Creditors: amounts falling due after more than one year	14		(586)		(877)
Total assets less current liabilities			12,723		9,574
Provisions for liabilities					
Deferred taxation	18		(263)		-
Other provisions	15		(526)		(553)
Net assets			11,934		9,021
Capital and reserves					
Called up share capital	19		1		1
Share premium account			45		45
Capital redemption reserve			2		2
Profit and loss account			11,886		8,973
Shareholders' funds			11,934		9,021

These Financial Statements were approved by the Board of Directors on 28 June 2023 and were signed on its behalf by:



P M Kirby
Director

The accompanying notes on pages 19 to 36 form part of these Financial Statements.

Statement of Changes in Equity for the year ended 30 September 2022

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 October 2020	1	45	2	6,598	6,646
<i>Comprehensive income for the year</i>					
Profit for the year	-	-	-	2,375	2,375
At 30 September 2021 and 1 October 2021	1	45	2	8,973	9,021
<i>Comprehensive income for the year</i>					
Profit for the year	-	-	-	2,917	2,917
Other comprehensive loss for the year	-	-	-	(4)	(4)
Total comprehensive income for the year	-	-	-	2,913	2,913
At 30 September 2022	1	45	2	11,886	11,934

The accompanying notes on pages 19 to 36 form part of these Financial Statements.

Notes to the Financial Statements (forming part of the Financial Statements)

1 Accounting policies

1.1 Basis of preparation of financial statements

InHealth Intelligence Limited is a private company incorporated, domiciled and registered in England, United Kingdom. The registered number is 03257228 and the registered address is Beechwood Hall, Kingsmead Road, High Wycombe, Buckinghamshire, HP11 1JL.

The Financial Statements have been prepared and approved by the Directors in accordance with FRS 101 'Reduced Disclosure Framework' ("FRS 101"). As a result, Company applies the recognition, measurement and disclosure requirements per UK-adopted international accounting standards ("Adopted IFRSs") but makes amendments where necessary in order to comply with the requirements of the Companies Act 2006.

The preparation of Financial Statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

1.2 FRS 101 - reduced disclosure exemptions

In these Financial Statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- IAS 1 'Presentation of Financial Statements': Exemption from providing comparative movement schedules for share capital, intangible assets, and property, plant and equipment.
- IAS 1 'Presentation of Financial Statements': Exemption from presenting a statement of cash flows, from making an explicit and unreserved statement of compliance with IFRS standards and from the capital management disclosure requirements of the standard.
- IAS 7 'Cash Flow Statement': Complete exemption from preparing a cash flow statement and the related notes.
- IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Exemption from the disclosure of new or revised IFRSs that have not been amended, as well as the disclosure of their likely impact.
- IAS 24 'Related Party Disclosures': Disclosure exemption for related party transactions entered into between two or more members of a group provided that any subsidiary which is a party of the transaction is wholly owned by such a member.
- IAS 24 'Related Party Disclosures': Exemption from disclosure of compensation for key management personnel.
- IAS 36 'Impairment of Assets': Available exemptions from disclosures at the cash generating unit level, including as it pertains to assumptions and sensitivity analysis.
- IFRS 7 'Financial Instruments': Complete exemption of the disclosures mandated by the standard, other than where required to comply with legal requirements.
- IFRS 13 'Fair Value Measurement': Complete exemption of the disclosures mandated by the standard, other than where required to comply with legal requirements.
- IFRS 15 'Revenue from contracts with customers': Partial exemption from the new disclosure requirements set out by the standard.

Taking up these disclosure exemptions is made possible by the inclusion of equivalent disclosures within the consolidated Financial Statements of InHealth UK Holdings Limited, the largest group in which the results of the Company are consolidated.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

1.3 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2.

The Financial Statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cashflow forecasts for a period of 12 months from the date of approval of these Financial Statements. These forecasts indicate that the Company will continue to have sufficient funds to meet its liabilities as they fall due. The Company continues to be engaged in positive discussions and considers the medium-term outlook to be strong due to the opportunity to support the NHS in addressing the backlog of elective care.

After taking into consideration the Company's positive net asset position, absence of debt and availability of cash as well as the current economic environment, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future (at least 12 months after the approval of these Financial Statements). Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the Financial Statements and therefore have prepared the Financial Statements on a going concern basis.

1.4 Revenue

Revenue, which is measured as the fair value of consideration received for the activity performed, represents the amounts invoiced for the provision of diagnostic services and healthcare solutions (excluding value added tax).

Revenue is recognised on the basis of the 5-step model under IFRS 15, which sets out the rules for revenue from contracts with customers based on the satisfaction of performance obligations. Management has undertaken a detailed assessment of all revenue streams using the 5-step approach specified by IFRS 15:

- Identify the contract(s) with the customer
- Identify the performance obligations in the contract
- Determine the transaction price through contracted agreed price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) a performance obligation is satisfied

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any transaction prices for the time value of money.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered and when performance obligations are satisfied. The Company typically satisfies its performance obligations as services are rendered on a "per procedure" or "per day" basis, depending upon the terms of the contract. Revenue is recognised when a contract with enforceable rights and obligations exists and the receipt of consideration is likely, taking into account the customer's credit quality. Payment terms are typically 30 days with no significant financing component or variable consideration.

Accrued and deferred income

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceeds the payment, accrued income is recognised. If the payments exceed the services rendered, deferred income is recognised.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

1.5 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Tangible Assets' line in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 10.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

1.6 Current and deferred taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

1.7 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost is defined as all costs necessary to bring the asset to working condition for its intended use. Where parts of an item of tangible assets have different useful lives, they are accounted for as separate items of tangible assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible assets. Land and assets in the course of construction are not depreciated. The estimated useful lives are as follows:

Freehold property:	over the term of the lease
Short term leasehold property improvements:	over the term of the lease
Plant and machinery:	4 to 10 years straight line
Fixtures and fittings:	3 to 6 years straight line
Motor vehicles:	3 to 8 years straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Intangible assets

Intangible assets acquired by the Company are stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research activities is recognised in the income statement as an expense as incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

1.8 Intangible assets (continued)

Amortisation

Amortisation is charged to the profit and loss account at the following annual rates in order to write off each asset over the estimated useful lives of each part of an item of intangible fixed assets. The estimated useful lives are as follows:

Patents and licences	10 years straight line
Intellectual property	10 years straight line
Development	5 - 10 years straight line
System Implementation	5 - 10 years straight line

Intangible assets in the course of construction have no amortisation charge.

1.9 Financial instruments

i) Recognition and initial measurement

The Company's main financial instruments comprise: cash and cash equivalents; trade and other receivables; and trade and other payables.

Financial assets and financial liabilities are initially recognised at fair value in the Company's balance sheet on the date when the Company becomes party to the contractual provisions of the instrument.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

ii) Classification and subsequent measurement

Financial assets

Classification and subsequent measurement of financial assets is driven by the business model for managing the financial assets and the contractual cash flow characteristics of those financial assets.

Financial assets are subsequently measured at amortised cost, using the effective interest method, and adjusted for any credit loss allowance, as they are held solely for the collection and payment of contractual cash flows, being payments of principal and interest where applicable. The effect of discounting on trade and other receivables is not considered to be material. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents comprise cash balances and call deposits.

Financial liabilities

Trade and other payables are subsequently measured at amortised cost with any interest cost calculated in accordance with the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

1.9 Financial instruments (continued)

iii) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

1.11 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, which can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

1.12 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets are deducted. The Company determines the net interest on the net defined benefit liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Notes to the Financial Statements (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect reported amounts of assets, liabilities, revenues and expenses during the year.

Management periodically evaluates its estimates and judgements and bases them on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily available from other resources. Actual results may differ from these estimates.

The estimates and assumptions that have the most significant effect on the amount recognised in the Financial Statements are discussed below:

Capitalised Development costs

Expenditure incurred in respect of the development of major new products where the outcome of those projects is assessed as being reasonably certain as regards viability and technical feasibility are capitalised and amortised straight line over the estimated period of sale for each product, commencing in the year that sales of the product are first made. This assessment requires management to make judgements on which project expenditure to capitalise and whether previously capitalised development expenditure still meets the requirements of an intangible asset.

3 Revenue

Revenue all arises from the Company's principal activities.

	2022 £000	2021 £000
Provision of services	37,531	34,199

All turnover arose within the United Kingdom.

4 Operating profit

	2022 £000	2021 £000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	685	630
Depreciation of leased assets	374	388
Amortisation of intangibles	66	129
Impairment of intangibles	-	43
(Profit)/loss on disposal of fixed assets	(37)	7

5 Auditor's remuneration

	2022 £000	2021 £000
Audit of these Financial Statements	22	25

Amounts in 2021 were payable to KPMG LLP, who resigned as auditors of the Company on 23 October 2022. Amounts in 2022 were payable to PricewaterhouseCoopers LLP.

Notes to the Financial Statements (continued)

6 Staff numbers and costs

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

	Number of employees	
	2022	2021
Operations	666	615
Administrative	70	79
Directors	1	1
	<u>737</u>	<u>695</u>

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£000	£000
Wages and salaries	16,621	15,625
Social security costs	1,551	1,342
Contributions to defined contribution plans	884	929
	<u>19,056</u>	<u>17,896</u>

All bar one of the current Directors' remuneration was borne by InHealth Limited during the year. One of the current Directors received remuneration from the Company during the current year and prior year. The cost to the Company of the current Director paid by the Company was £168,000 (2021: £152,000). The notional cost of Directors to the Company, who were paid by InHealth Limited, was £6,000 (2021: £536,000) during the year. Notional cost of Directors' remuneration is allocated in line with the method of award valuation. For full disclosure of Directors' remuneration see note 6 in the accounts of InHealth Group Limited. See note 22 for details of where these are available.

7 Finance income and expenses

	2022	2021
	£000	£000
<i>Interest receivable and similar income</i>		
Net interest on defined benefit pension plan assets	<u>13</u>	<u>10</u>
<i>Interest payable and similar expenses</i>		
Bank interest payable	2	8
Interest payable on financial liabilities	38	50
Interest on defined pension plan obligation	<u>7</u>	<u>5</u>
Total interest payable and similar expenses	<u>47</u>	<u>63</u>

Notes to the Financial Statements (continued)

8 Tax on profit

Recognised in the profit and loss account

	2022 £000	2021 £000
UK corporation tax		
Current year	364	623
Group relief	186	-
Adjustments in respect of previous years	(98)	(22)
Current tax expense	452	601
Deferred tax		
Origination and reversal of timing differences	142	(84)
Adjustments in respect of previous years	123	12
Changes to tax rates	-	20
Deferred tax expense/(credit)	265	(52)
Tax on profit	717	549

Reconciliation of effective tax rate

	2022 £000	2021 £000
Profit before taxation	3,634	2,924
Tax using the UK corporation tax rate of 19% (2021: 19%)	690	556
Expenses non-deductible for tax purposes	6	-
Fixed asset differences	(38)	14
Adjustments to tax charge in respect of prior periods	25	(10)
Other short term timing differences	-	(11)
Remeasurement of deferred tax for changes in tax rates	34	-
Total tax expense	717	549

Factors that may affect future tax charges

A change in the UK corporation tax rate, announced in the Spring Budget on 3 March 2021, was substantively enacted on 24 May 2021. The rate applicable from 1 April 2021 remained at 19%, with the future corporation tax rate increasing to 25% from 1 April 2023. The deferred tax liability at 30 September 2022 has been calculated based on these rates.

Notes to the Financial Statements (continued)

9 Intangible assets

	Intellectual property £000	Development £000	Patents and licences £000	System implementation £000	Assets in the course of construction £000	Total £000
Cost						
At 1 October 2021	137	1,146	33	262	757	2,335
Additions	-	-	-	-	198	198
At 30 September 2022	137	1,146	33	262	955	2,533
Accumulated amortisation						
At 1 October 2021	108	1,086	33	247	-	1,474
Amortisation for the year	11	14	-	41	-	66
Transfer between classes	-	43	-	(43)	-	-
At 30 September 2022	119	1,143	33	245	-	1,540
Net book value						
At 30 September 2021	29	60	-	15	757	861
At 30 September 2022	18	3	-	17	955	993

10 Tangible assets

	Freehold property £000	Short term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Assets in the course of construction £000	Total £000
Cost							
At 1 October 2021	281	2,076	1,586	72	2,479	220	6,714
Additions - owned	-	-	322	-	105	849	1,276
Additions - right-of-use assets	-	145	-	-	-	-	145
Disposals	-	(135)	-	-	-	-	(135)
Transfers between classes	-	-	754	116	30	(900)	-
At 30 September 2022	281	2,086	2,662	188	2,614	169	8,000
Accumulated depreciation							
Balance at 1 October 2021	89	794	703	-	1,707	-	3,293
Depreciation charge for the year - owned assets	28	8	306	35	308	-	685
Depreciation charge for the year - right-of-use assets	-	374	-	-	-	-	374
Disposals	-	(75)	-	-	-	-	(75)
Transfer between classes	-	68	-	-	-	-	68
At 30 September 2022	117	1,169	1,009	35	2,015	-	4,345
Net book value							
At 30 September 2021	192	1,282	883	72	772	220	3,421
At 30 September 2022	164	917	1,653	153	600	169	3,655

Notes to the Financial Statements (continued)

10 Tangible assets (continued)

The net book value of owned and leased asset included as "Tangible assets" is as follows:

	2022 £000	2021 £000
Tangible fixed assets owned	2,746	2,150
Right-of-use tangible fixed asset	909	1,271
	<u>3,655</u>	<u>3,421</u>

11 Stocks

	2022 £000	2021 £000
Finished goods and goods for resale	44	23

Consumables recognised as cost of sales in the year amounted to £499,000 (2021: £763,000).

12 Debtors

	2022 £000	2021 £000
Amounts falling due after more than one year		
Amounts owed by group undertakings	11,647	-
Other debtors	225	204
	<u>11,872</u>	<u>204</u>
Amounts falling due within one year		
Trade debtors	4,392	98
Amounts owed by group undertakings	339	126
Other debtors	36	36
Prepayments and accrued income	2,229	3,284
Deferred taxation	-	2
	<u>6,996</u>	<u>3,546</u>
Total debtors	<u>18,868</u>	<u>3,750</u>

The amounts owed by group undertakings are repayable 2 years from the balance sheet date. The face value of the loans is £11,986,000 (2021: £nil) at an interest rate of 3.0% (2021: n/a). These loans are held at fair value of £11,298,000 (2021: £nil). The amounts owed by group undertakings includes the interest on the loan that is due after more than one year.

Notes to the Financial Statements (continued)

13 Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Bank loans	-	11
Lease liabilities (note 16)	373	398
Trade creditors	393	1,558
Other creditors	353	309
Tax and social security payable	2,747	1,162
Amounts owed to group undertakings	150	279
Accruals and deferred income	9,242	6,165
	13,258	9,882

Amounts owed to group undertakings are interest free repayable on demand and there is no security.

14 Creditors: amounts falling due after more than one year

	2022	2021
	£000	£000
Lease liabilities (note 16)	586	877

15 Other provisions

	Pension provision £000	Dilapidation provision £000	Onerous provision £000	Total £000
At 1 October 2021	405	119	29	553
Provisions made during the year	-	2	-	2
Utilised during the year	-	-	(29)	(29)
At 30 September 2022	405	121	-	526

A provision was created in 2017 for the Federated Pension Plan defined benefit pension scheme to cover the uncertainties in finalising the fair value of the liability. This is expected to unwind when the scheme closes.

A provision was created for onerous contracts where no potential contractual or operational improvements were possible. The provision has been fully utilised in the year.

The dilapidation provision relates to the estimate of exit costs at the end of the lease term on leasehold properties entered into without significant asset removal. The provision is being increased until the end of the lease term at which point it will be utilised. This is expected to be utilised between 2 and 10 years.

These provisions hold inherent uncertainty but the estimates and judgements made do not have a significant impact on the amounts recognised in the Financial Statements.

Notes to the Financial Statements (continued)

16 Leases

The Company has lease contracts for property used in the operations. The amounts recognised in the Financial Statements in relation to the leases are as follows:

Amounts recognised in statement of financial position

The balance sheet shows the following amounts relating to leases:

	2022 £000	2021 £000
Right-of-use assets net book value		
Property	909	1,271
Lease liabilities		
Current	373	398
Non-current	586	877
	959	1,275

Amounts recognised in the profit and loss account

	Note	2022 £000	2021 £000
Depreciation charge of right-of-use assets			
Property	10	(374)	(388)
Interest expense (included in finance expense)	7	(38)	(50)

The total cash outflow for leases during the year was £400,000.

Lease liabilities are due as follows:

	2022 £000	2021 £000
Less than one year	373	398
Between one and five years	492	613
More than five years	94	264
	959	1,275

Contractual undiscounted cash flows are due as follows:

	2022 £000	2021 £000
Less than one year	432	440
Between one and five years	544	562
More than five years	121	213
	1,097	1,215

Notes to the Financial Statements (continued)

17 Employee benefits

The pension cost charged to the profit and loss account for the year for all pension schemes amounts to £884,000 (2021: £929,000).

Contributions amounting to £273,000 (2021: £254,000) were payable to the schemes at the end of the year relating to both the final month and other contributions awaiting pension direction orders and are included in creditors.

Defined contribution pension schemes

The Company operates 3 defined contribution pension schemes.

Defined benefit pension scheme

InHealth Intelligence Limited participates in a defined benefit pension scheme whose assets are held under the Federated Pension Plan ("the scheme"). There are no active members and there are 3 deferred members and 12 pensioners in this scheme.

The defined benefit pension scheme provides benefits based on final pensionable pay. A full actuarial valuation was carried out at 5 April 2019, which has been agreed between the Trustees and InHealth Intelligence Limited and has been updated to 30 September 2022 by a qualified actuary, independent of the scheme's sponsoring employer. Whilst the new actuarial valuation has not yet been agreed for the scheme, there are no indicators of a significant change in the funding plan required.

The information below is in respect of the defined benefit pension scheme for the periods shown.

	2022 £000	2021 £000
Defined benefit pension scheme asset	270	338
Defined benefit pension scheme liability	(270)	(338)
	<hr/>	<hr/>
Total defined benefit pension scheme net liability	-	-
	<hr/>	<hr/>

The major categories of scheme assets are:

	2022 £000	2021 £000
Equity instruments	231	289
Bonds	173	217
Diversified growth funds	116	145
Other (including cash and cash equivalents)	1	1
Restriction of surplus	(251)	(314)
	<hr/>	<hr/>
	270	338
	<hr/>	<hr/>

The Federated Pension Plan is part of a multi-employer scheme, therefore the Company does not have an unconditional right of return to the scheme's assets were the scheme to be wound up and as such would not be paid out a share of any remaining assets. There is a restriction on recognisable surplus of £251,000 for the year ended 30 September 2022 (2021: £314,000).

Notes to the Financial Statements (continued)

17 Employee benefits (continued)

Defined benefit pension scheme (continued)

Movements in net defined benefit pension liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Balance at 1 October	(338)	(344)	338	344	-	-
Included in profit or loss						
Interest cost	(7)	(5)	13	10	6	5
Administration services	-	(4)	-	-	-	(4)
	<u>(345)</u>	<u>(353)</u>	<u>351</u>	<u>354</u>	<u>6</u>	<u>1</u>
Included in OCI						
Actuarial gain/(loss) arising from:						
Change in financial assumptions	65	1	(134)	52	(69)	53
Restriction of surplus	-	-	63	(54)	63	(54)
	<u>65</u>	<u>1</u>	<u>(71)</u>	<u>(2)</u>	<u>(6)</u>	<u>-</u>
Other						
Benefits paid and expenses	10	14	(10)	(14)	-	-
	<u>10</u>	<u>14</u>	<u>(10)</u>	<u>(14)</u>	<u>-</u>	<u>-</u>
Balance at 30 September	(270)	(338)	270	338	-	-

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2022	2021
Discount rate	5.4%	2.0%
Future salary increases	2.5%	2.5%
Inflation rate (CPI)	3.9%	2.7%
Future pension increases	3.5%	3.5%

Notes to the Financial Statements (continued)

17 Employee benefits (continued)

Defined benefit pension scheme (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	As at 30 September 2022
	Years
Retiring today	
Males	21.5
Females	23.8
Retiring in 20 years	
Males	22.8
Females	25.2

The Company expects to pay £nil in contributions to its defined benefit plan in 2023.

Sensitivity analysis

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation is set out below:

	Change in assumptions	Change in liabilities
Discount rate	Decrease by 0.3%	Increase by 1%
Rate of inflation	Increase by 0.3%	Increase by 1%
Rate of salary growth	Increase by 0.3%	Increase by 1%
Life expectancy	Increase by 1 year	Increase by 1%

The sensitivities shown overleaf are approximate and each sensitivity considers one change in isolation. The sensitivity of the defined benefit pension scheme obligation to significant actuarial assumptions has been estimated, based on the average age of pension scheme members and the normal retirement age of members and the duration of the liabilities of the scheme, which as at 30 September 2022 is approximately 15 years.

The plan typically exposes the Company to actuarial risks such as investment risk, interest rate risk and longevity risk. The discount rate used to calculate the defined benefit obligation reflects the yield available on a high quality corporate bond of equivalent currency and term to the liabilities at the date of the valuation.

A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to plan liabilities, which means movements in the scheme's assets may well not correspond to changes in the value of the liabilities over time leading to volatility in the results from year to year.

If pensions are not bought out and members live longer than expected, the benefits will be payable for longer than allowed for in the calculation of the liabilities leading to an experience loss on the plan liabilities.

Notes to the Financial Statements (continued)

18 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets	Assets	Liabilities	Liabilities	Net	Net
	2022	2021	2022	2021	2022	2021
	£000	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	(384)	(154)	(384)	(154)
Other taxable temporary differences	121	-	-	-	121	-
Provisions	-	156	-	-	-	156
Net tax assets/(liabilities)	121	156	(384)	(154)	(263)	2

Deferred tax assets of £121,000 (2021: £156,000) are only recognised to the extent that the Directors consider it more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

The deferred tax assets and liabilities recognised in the table above have no expiry.

19 Called up share capital

	2022	2021
	£000	£000
Authorised, allotted, called up and fully paid		
1,085 (2021: 1,085) A Ordinary shares of £1.00 each	1	1

20 Related party transactions

The Company has taken the exemption available under FRS 101 in respect of the requirement to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member. All of the Company's related party transactions are covered by this exemption.

21 Ultimate parent Company and parent Company of larger Group

The immediate parent of the Company is InHealth Limited and ultimate parent undertaking and controlling party is The Damask Trust, the Trustees of which are I H Bradbury and The Embleton Trust Corporation Limited.

The largest Group in which the results of the Company are consolidated is that headed by InHealth UK Holdings Limited, which is incorporated in England and Wales. The smallest Group in which the results of the Company are consolidated is that headed by InHealth Group Limited, which is incorporated in England and Wales. The consolidated Financial Statements of these groups are available to the public and may be obtained from Beechwood Hall, Kingsmead Road, High Wycombe, Buckinghamshire, HP11 1JL.