Company registration number: 4320853 (England and Wales)

INGEUS UK LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

INGEUS UK LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2022

Company registration number	4320853 (England and Wales)
Company name	Ingeus UK Limited
The board of directors	A Hart J Sawyer F Woodbridge
Company secretary	C Raffinetti
Registered office	Fifth Floor 18 Mansell Street London E1 8AA
Business address	Fifth Floor 18 Mansell Street London E1 8AA
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Chamberlain Square Birmingham B3 3AX
Business bankers	Lloyds TSB Bank PLC 25 Gresham Street London EC2V 7HN

INGEUS UK LIMITED

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FOR THE YEAR ENDED 30 JUNE 2022

The directors present their annual report and the audited consolidated financial statements of the Group for the year ended 30 June 2022.

Principal activities

The Company (Ingeus UK Limited) is a limited company which is incorporated and domiciled in the UK. The Group consists of the following entities: Ingeus UK Limited, The Reducing Reoffending Partnership Limited, The Staffordshire and West Midlands Community Rehabilitation Company Limited ("SWM"), The Derbyshire, Leicestershire, Nottinghamshire and Rutland Community Rehabilitation Company Limited ("DLNR"), ITL Training Limited, Invisage Limited, Ability Insight Limited and CNLR Horizons Limited. Ingeus Scotland Limited, previously a member of the Group, was dissolved in August 2021.

The principal activity of the Group is the provision of services for people, business and communities to create and improve employment, skills, health and wellbeing. The Company helps governments and employers to design and deliver services to help solve today's complex social challenges and improve opportunities for all.

Review and results of operations

During the year the Group saw revenue from continuing operations increase by 139% from the previous year to £189.6 million (2021: £79.3 million). The Group made a profit in the year amounting to £26.3 million (2021: £16.4 million). Net assets increased by 117% during the year to £49.9 million (2021: £23.0 million).

Business Overview

The Group continues to specialise in creating and delivering services in Employment, Health, Youth services and Justice. Ingeus is commissioned by national, devolved and local governments to support their efforts in the creation of strong societies and also works with commercial employers to support their workforce development, wellbeing and recruitment.

During the year the Group initiated several large new contracts namely; Restart (Employment) commissioned by Department of Work & Pensions (DWP) and Commissioned Rehabilitative Services (CRS) (Justice) commissioned by Ministry of Justice (MOJ).

Employment

Primarily the Employment Services division supports governments to find people suitable, lasting work by making sure that people have the skills and support to get jobs, gain independence and become productive employees. The Group has been delivering employment programmes for more than 15 years and has supported more than 250,000 people into lasting employment.

The latest addition to Ingeus UK Limited and the largest of its employment services programmes is Restart. The first programme participants were seen by the Company in July 2021. This programme is part of the Government's "Plan for Jobs" to help millions of people across the UK who have been directly impacted by COVID-19 and have been unemployed for over 12 months. Ingeus UK Limited delivered as prime contractor in Greater Manchester and Central & West London and supported Serco as a sub-contractor to deliver in the Central region.

Business Overview (continued)

Employment (continued)

During the year Ingeus UK Limited also delivered Work and Health Programme (WHP) incorporating Job Entry Targeted Support (JETS). The Company delivered as prime contractor in the North West, Greater Manchester and Central London regions and supported other providers (Reed and Shaw Trust) in the North East and Central regions. In addition, the Group delivered programmes such as Access to Work, Additional Capacity for Healthcare Professionals and Employment Advisors for IAPT (Improving Access to Psychological Therapies Programme).

Health

The Health Division supports the National Diabetes Prevention Programme (NDPP). This programme is focused on supporting patients at high risk of developing Type 2 Diabetes. The programme provides people with the knowledge, skills and support to avoid developing the disease and delivers through structured education programmes. The programme has been very successful and has achieved clinically significant weight loss and improvement in blood test results, helping a high proportion of individuals to move out of at-risk groups. Ingeus UK Limited leads an innovative partnership with the Leicester Diabetes Centre and Aviva (a digital health provider) to deliver NDPP.

Youth Services

Ingeus UK Limited remains one of the largest providers of the Government's National Citizen Service ("NCS") with contracts in the East Midlands, South East, North East and West Midlands. The Youth Division provides social and personal development programmes for young people, including team building activities and projects that support their local communities. The Company has worked with more than 80,000 teenagers helping them to realise their potential and achieve their aspirations.

Justice

The Justice Division delivers a series of contracts that aim to break the cycle of re-offending by supporting offenders both in custody and within communities to transform their lives. These contracts include CFO3 (Social Inclusion programme), CFO Activity Hubs and the CRS programmes.

The Justice programmes provide a range of services that support social inclusion, rehabilitation and resettlement within communities. CFO3 delivers in three regions; East Midlands, North East, Yorkshire & Humber and focuses on supporting participants into employment through education, training, counselling and rehabilitation services. CFO Activity Hubs provides a safe environment for offenders to access support for accommodation, health, finance, debt, employment and training. Finally, the first year of the CRS programmes has supported resettlement through a series of service contracts; CRS Accommodation, CRS Education, CRS Training and Employment and CRS Personal Wellbeing.

Directors' duties

The Directors of the Company must act in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006. The following paragraphs summarise how the Directors fulfil their duties.

Risk Management

The Directors identify, evaluate, manage, and mitigate the risks the Group faces and continue to evolve their approach to risk management. For details of the principal risks and uncertainties and how the Group manages its risk environment, refer below.

Directors' duties (continued)

People

The Directors are committed to be a responsible business. Their behaviour is aligned with the expectations of the people, customers, shareholders, communities and society. For the Group to succeed they need to manage their people's performance, develop and bring through talent while ensuring the Group operates as efficiently as possible.

Business relationships

The Directors prioritise sustainable growth by continuing to provide exceptional service under current contracts and taking advantage of new opportunities that are presented. The Directors value all the Group's suppliers.

Community and environment

The Group's approach is to create positive change for the people and communities within which the Group interacts. The Directors want to leverage their expertise and enable colleagues to support the communities around the Group.

Shareholders

The Directors are committed to openly engaging with the shareholders. It is important to the Directors that shareholders understand the strategy and objectives of the Group, so these must be explained clearly, and any issues/questions raised being properly considered.

Principal risks and uncertainties

The management of the business and the Group's strategy is subject to several risks. Risks are reviewed by the Directors and appropriate processes are put in place to monitor and mitigate them.

The key business risks affecting the Group are set out below:

Economic conditions and government policy

The impact of recent global events has led to a period of unprecedented economic uncertainty. Whilst it's difficult to predict the direct impact on the business the Directors keep abreast of on-going developments and respond accordingly.

Relationships with government departments

The Group's primary customers are governmental departments and other prime contractors to government departments, both central and devolved. As with other entities with a high degree of concentration in its customer base it is vital for the Group to maintain good relationships. Governmental departments can be subject to political influences and their policies and priorities can change. This can materially affect the nature and quantum of services commissioned. When contracts are varied by the customer, while the Group does all it can to protect its contractual rights, the Group's options can be constrained due to the position of the customer.

Principal risks and uncertainties (continued)

Employees

The Group's performance depends largely on the quality and commitment of its staff and its ability to attract and retain the best talent. The Group encourages the involvement of employees in the Group's performance through an employee reward scheme.

The Group's culture is built on the principle of treating everyone with dignity and respect, regardless of culture, ethnicity, religion, age, gender, sexual orientation or disability. The Group is committed to ensuring that every individual is comfortable, confident and recognised for the value of their contributions.

The Group has a Diversity and Inclusion Group, mentoring and training programmes, and dedicated learning hubs that help to create an inclusive environment.

Sub-contractors and payment of creditors

The business uses multiple sub-contractors to assist in its provision of its programmes. The Group's performance is dependent on the results of these sub-contractors, which are actively managed by the relevant business divisions.

Group Policy for all suppliers is to fix terms of payment when agreeing the terms of each business transaction, to ensure the supplier is aware of those terms, and to ensure all abide by the agreed terms of payment.

KPIs

Comprehensive KPIs are used within the business to manage the performance of the whole business, management and staff. The key financial KPIs relate to revenue and net assets. The non-financial KPIs relate to operational performance indicators such as referral to programmes, attachments, and key programme outcomes such as employment commencement or achievement of qualifications.

Financial risk management

Capital management

The objective of the Group's capital management is to ensure that it maintains strong credit ratings and capital ratios. This will ensure that the business is correctly supported and shareholder value is maximised. The Group manages its capital structure through adjustments that are dependent on economic conditions. In order to maintain or adjust the capital structure, the Group may choose to issue new share capital to shareholders.

Interest rate risk

The Group finances its operations through retained profits and advances from other group undertakings as necessary. The Group has limited risk to interest rate fluctuations.

Financial risk management (continued)

Liquidity risk

The Group's policy has been to ensure continuity of funding through the effective operation and performance of the treasury function.

Management monitors the Group's liquidity and projected cash flows. The Group's liquidity management policy involves projecting cash flows in Pounds Sterling and considering the level of liquid assets necessary to meet these and monitoring the Statement of Financial Position's liquidity ratios.

Credit risks

The Group's principal financial assets relate to amounts owed by other Group companies as well as trade debtors and accrued income. The amounts presented in the Statement of Financial Position are net of allowances for doubtful debts.

Credit risk is low as debtors are generally government departments or government agencies.

Employee engagement statement

The directors are executive directors and engage with the employees of the Group through monthly review of operating results and day to day operations. Each financial year, the employees are invited to participate in the global engagement survey and the results of the survey are communicated to the board and discussed with senior management. During the year the directors have taken steps to:

- Provide employees with information on matters of concern to them as employees;
- Consult employees or their representatives on a regular basis so that the views of employees can be considered in making decisions which are likely to affect their interests; and
- Achieve a common awareness on the part of all employees of the financial and economic factors affecting the performance of the Group.

Our policies and procedures fully support our disabled colleagues. We take active measures to do so via a robust reasonable adjustment policy; disability-specific online resources; and processes to ensure colleagues are fully supported. The Group is responsive to the needs of its employees. As such, should any employee of the Group become disabled during their time with us, we will actively retrain that employee and make reasonable adjustments to their working environment where possible, in order to keep the employee with the Group. It is the policy of the Group that the recruitment, training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Environment

During the year covered by this report the Group has not incurred any fines or penalties or has been investigated for any breach of environmental regulations.

Equal opportunities

The Group published its data in April 2021 in relation to the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

This report showed that the Group's median gender pay gap of 0% is much lower than the national average of 7.9%. The Group continues to focus on building the right environment and support for women to have successful careers at Ingeus, particularly at senior levels.

Future developments

The Group continues to seek and present investment proposals, that if implemented could lead to growth of shareholder wealth.

On behalf of the board

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F Woodbridge
Director
10 November 2022

The directors present their annual report and the audited consolidated financial statements of the Group for the year ended 30 June 2022.

Results and dividends
The results for the year are set out in the Consolidated Statement of Comprehensive Income.

Ingeus UK Limited did not declare or pay any dividends in the year (2021: Nil).

Directors
The following directors held office during the year ended 30 June 2022 and up to the signing of these financial statements, unless otherwise stated:

A Hart
J Sawyer
F Woodbridge
GH Meyerowitz (Resigned 31 December 2021)

Future developments
Refer to the strategic report.

Financial risk management
Refer to the strategic report.

Streamlined Energy & Carbon Reporting ("SECR")
The Company and the Group procure energy direct from the energy suppliers and the total energy procured was 76,654 Kilowatt-hours ("kWh"). Wherever possible, the Group will procure from Suppliers who hold Green tariffs and supported by applicable REGO (Renewable Energy Guarantees of Origin) certificates to allow full transparency of source generation.

The energy use is as follows:

	Year ended 30 June 2022		Year ended 30 June 2021	
Energy Use	**Kilowatt Hours (KW/h)**	**Kg of Carbon Dioxide Equivalent (kg/CO2e)**	**Kilowatt Hours (KW/h)**	**Kg of Carbon Dioxide Equivalent (kg/CO2e)**
Electricity	76,654	16,868	37,247	252,142
Gas	Nil	Nil	Nil	Nil
Total	**76,654**	**16,868**	**37,247**	**252,142**

The intensity ratio has been calculated using the total revenue attributed to the Company and its subsidiaries for the reporting year divided by the total kilograms ("kgs") of carbon dioxide equivalent produced. For every £11,241.34 of revenue, 1 kg of carbon dioxide equivalent ("CO2/e") is produced. This will enable year on year comparisons to be made in context of business growth. The Company has not undertaken any measures for the purpose of increasing the Company's energy efficiency in the year.

Going concern

The financial statements have been prepared on the going concern basis, with a profit in the year amounting to £26.3 million (2021: £16.4 million), net current assets of £60.6 million (2021: £15.8 million) and net assets of £49.9 million (2021: £23.0 million) for the reasons set out below.

The Company and the Group are reliant on funds provided to them by their ultimate Parent Company, APM Human Services International Pty Limited ("APMHSI") which has indicated that it will continue to provide financial and other support to the extent necessary to enable the Group to continue to trade and meet its financial obligations for the foreseeable future and for at least twelve months from the date of signature of the audit report for the financial statements for the year ended 30 June 2022.

After due consideration of the matters set out above, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Statement as to disclosure of information to auditors

In so far as each of the directors holding office at the date of this report is aware:

- there is no relevant audit information of which the Company's and Group's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Statement of directors' responsibilities in respect of the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with UK adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Events after the reporting date
There are no events after balance date.

Directors' indemnities
The Directors have the benefit of a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006 which was in force throughout the last financial year and is in force as at the date of approval of the financial statements.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors after these financial statements are sent to members, or after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

On behalf of the board

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F Woodbridge
Director
10 November 2022

Independent auditors' report to the members of Ingeus UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Ingeus UK Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2022 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 Consolidated and company statements of financial position as at 30 June 2022; the Consolidated statements of comprehensive income, the Consolidated and company statements 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 group 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 group's and 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 group's and 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 the 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 the Directors' report

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 year ended 30 June 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and the 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 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 group's and 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 group or 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.

- Enquiry of management to identify any instances of non-compliance with laws and regulations;
- Auditing the risk of management override of controls through testing unusual journal entries for appropriateness;
- Testing of accounting estimates which could be subject to management bias; and
- Reviewing financial statements disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Matthew Walker

Matthew Walker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
11 November 2022

INGEUS UK LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

Continuing operations	Note	Year ended 30 June 22 £'000	Year ended 30 June 21 £'000
Revenue	3	189,619	79,279
Cost of sales		(99,661)	(51,470)
Gross profit		89,958	27,809
Administrative expenses		(61,427)	(28,052)
Net impairment (losses)/gains on financial and contract assets	5	(39)	1,298
Other income	4	1,429	499
Operating profit	5	29,921	1,554
Finance costs	6	(3,084)	(270)
Profit before taxation		26,837	1,284
Income tax (charge)/credit	7	(4,140)	5,252
Profit for the year from continuing operations		**22,697**	**6,536**
Profit from discontinued operation (attributable to equity holders of the company)	9	3,616	9,912
Other comprehensive income/(expense) net of tax			
Items that may be reclassified to profit or loss			
Re-measurement of pension liability	21	-	5,344
Re-measurement of pension asset and reimbursement asset	21	-	(5,344)
Total comprehensive income net of tax for the year		**26,313**	**16,448**

Profit for the year is fully attributable to the owners of the parent.

The notes on pages 21 to 62 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	As at 30 June 2022 £'000	As at 30 June 2021 £'000
ASSETS			
Non-current assets			
Intangible assets	11	2,962	1,739
Property, plant and equipment	12	29,847	15,521
Deferred tax asset	13	3,140	5,252
Total non-current assets		35,949	22,512
Current assets			
Trade and other receivables	15	126,808	49,771
Cash and cash equivalents	16	23,005	15,247
Total current assets		149,813	65,018
TOTAL ASSETS		**185,762**	**87,530**
LIABILITIES			
Current liabilities			
Corporation tax	7	2,029	-
Trade and other payables	17	80,522	44,866
Lease liability	19	4,987	1,936
Provisions	21	1,673	2,453
Total current liabilities		89,211	49,255
Net current assets		60,602	15,763
Non-current liabilities			
Trade and other payables	18	29,529	1,721
Lease liability	19	12,797	12,048
Provisions	21	4,322	1,465
Total non-current liabilities		46,648	15,234
TOTAL LIABILITIES		**135,859**	**64,489**
NET ASSETS		**49,903**	**23,041**
SHAREHOLDER'S EQUITY			
Share capital	22	34,691	34,691
Share premium		5,000	5,000
Reserves		114	114
Retained earnings/(accumulated losses)		10,098	(16,764)
Equity attributable to owners of the parent		**49,903**	**23,041**
TOTAL EQUITY		**49,903**	**23,041**

The financial statements on pages 14 to 62 were approved by the board of directors on 10 November 2022 and signed on its behalf by:

F Woodbridge
Director

The notes on pages 21 to 62 are an integral part of the consolidated financial statements.
Company registration number: 4320853 (England and Wales)

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	As at 30 June 2022 £'000	As at 30 June 2021 £'000
ASSETS			
Non-current assets			
Intangible assets	11	1,498	275
Property, plant and equipment	12	29,835	15,498
Deferred tax asset	13	2,389	5,252
Investments	14	1,479	1,479
Total non-current assets		35,201	22,504
Current assets			
Trade and other receivables	15	129,701	42,563
Cash and cash equivalents	16	17,411	9,655
Total current assets		147,112	52,218
TOTAL ASSETS		**182,313**	**74,722**
LIABILITIES			
Current liabilities			
Corporation tax	7	2,029	-
Trade and other payables	17	114,899	37,939
Lease liability	19	4,987	1,688
Provisions	21	903	701
Total current liabilities		122,818	40,328
Net current assets		24,294	11,890
Non-current liabilities			
Trade and other payables	18	-	400
Lease liability	19	12,797	12,048
Provisions	21	4,321	1,465
Total non-current liabilities		17,118	13,913
TOTAL LIABILITIES		**139,936**	**54,241**
NET ASSETS		**42,377**	**20,481**
SHAREHOLDER'S EQUITY			
Share capital	22	34,691	34,691
Share premium		5,000	5,000
Capital contributions reserve		114	114
Retained earnings/(accumulated losses)		2,572	(19,324)
TOTAL EQUITY		**42,377**	**20,481**

The Company profit for the year ended 30 June 2022 was £21,347,000 (2021: £7,089,000).

The financial statements on pages 14 to 62 were approved by the board of directors on 10 November 2022 and signed on its behalf by:

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F Woodbridge
Director

The notes on pages 21 to 62 are an integral part of the consolidated financial statements.

Company registration number: 4320853 (England and Wales)

INGEUS UK LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Share capital £'000	Share premium £'000	Reserves £'000	Accumulated losses/ retained earnings £'000	Total equity £'000
Balance at 1 July 2021	34,691	5,000	114	(16,764)	23,041
Reclassification	-	-	-	-	-
Profit for the year	-	-	-	26,313	26,313
Total comprehensive income	-	-	-	26,313	26,313
Transactions with owners in their capacity as owners:	-	-	-	-	-
Share based payments	-	-	-	549	549
Balance at 30 June 2022	**34,691**	**5,000**	**114**	**10,098**	**49,903**

	Share capital £'000	Share premium £'000	Reserves £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 July 2020	-	-	3,735	(31,833)	(28,098)
Reclassification	-	5,000	(3,621)	(1,379)	-
Profit for the year	-	-	-	16,448	16,448
Total comprehensive income	-	-	-	16,448	16,448
Transactions with owners in their capacity as owners:	-	-	-	-	-
Issue of share capital	34,691	-	-	-	34,691
Balance at 30 June 2021	**34,691**	**5,000**	**114**	**(16,764)**	**23,041**

The notes on pages 21 to 62 are an integral part of the consolidated financial statements.

INGEUS UK LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Share capital £'000	Share premium £'000	Reserves £'000	Accumulated losses/ retained earnings £'000	Total equity £'000
Balance at 1 July 2021	34,691	5,000	114	(19,324)	20,481
Profit for the year	-	-	-	21,347	21,347
Total comprehensive income	-	-	-	21,347	21,347
Share based payments	-	-	-	549	549
Balance at 30 June 2022	**34,691**	**5,000**	**114**	**2,572**	**42,377**

	Share capital £'000	Share premium £'000	Reserves £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 July 2020	-	5,000	114	(26,413)	(21,299)
Profit for the year	-	-	-	7,089	7,089
Total comprehensive income	-	-	-	7,089	7,089
Issue of share capital	34,691	-	-	-	34,691
Balance at 30 June 2021	**34,691**	**5,000**	**114**	**(19,324)**	**20,481**

The notes on pages 21 to 62 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Year ended 30 June 2022 £'000	Restated Year ended 30 June 2021 £'000
Cash flows from operating activities			
Profit before tax for the year from continuing operations		26,837	1,284
Profit before tax for the year from discontinuing operations		3,616	9,912
Profit before tax for the year		30,453	11,196
Depreciation	12	9,846	4,363
Amortisation	11	499	160
Write off of lease liabilities		(1,740)	(1,597)
Reversal of impairment of intercompany receivables		-	(3,664)
Impairment of property, plant & equipment	12	-	1,705
Finance cost		1,446	433
Share based payments		549	-
Net loss on disposal of property, plant and equipment		80	1,614
Increase in trade and other receivables		(65,137)	(4,661)
Increase/(decrease) in trade and other payables		62,324	(625)
Decrease in provisions		(1,323)	(936)
Cash generated from operating activities		36,997	7,988
Net cash generated from operating activities		36,997	7,988
Cash flows from investing activities			
Purchase of property, plant and equipment		(13,047)	(2,644)
Purchase of intangible assets		(1,722)	(297)
Loans provided to group undertakings		(14,500)	(7,998)
Loan repayments by group undertakings		2,600	11,876
Acquisition of subsidiary, net of cash acquired		(359)	(20)
Net cash (used in)/generated from investing activities		(27,028)	917
Cash flows from financing activities			
Loans provided by group undertakings		1,500	-
Payment of principal on lease liabilities		(2,265)	(2,726)
Payment of interest on lease liabilities		(1,446)	(429)
Proceeds from issue of shares	22	-	8,000
Net cash (used in)/generated from financing activities		(2,211)	4,845
Net increase in cash and cash equivalents		7,758	13,750
Cash and cash equivalents at the beginning of the year		15,247	1,497
Cash and cash equivalents at the end of the year		**23,005**	**15,247**

Prior year restatements relate to reclassification of loan provided to group undertakings of £7,998,000 and loan repayment by group undertakings of £11,876,000 from cash flows from financing activities to cash flows from investing activities. See further details in note 2.

The notes on pages 21 to 62 are an integral part of the consolidated financial statements.

INGEUS UK LIMITED

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Year ended 30 June 2022 £'000	Restated Year ended 30 June 2021 £'000
Cash flows from operating activities			
Profit before tax for the year		26,238	1,837
Depreciation	12	9,836	2,018
Amortisation	11	499	-
Impairment of property, plant and equipment	12	-	1,566
Reversal of intercompany balances		-	(1,925)
Write off of lease liability		(1,540)	(100)
Net finance expense		1,446	270
Share based payments		549	-
Gain on disposal of property, plant and equipment		80	(203)
Increase in trade and other receivables		(75,138)	(2,448)
Increase in trade and other payables		69,246	9,848
Decrease in provisions		(342)	(282)
Cash generated from operations		30,874	10,581
Net cash generated from operating activities		30,874	10,581
Cash flows from investing activities			
Purchase of property, plant and equipment		(13,047)	(2,581)
Purchase of intangible assets		(1,722)	(275)
Loans provided to group undertakings		(14,500)	(9,439)
Loan repayments by group undertakings		2,500	9,377
Acquisition of subsidiary		(359)	(668)
Net cash used in investing activities		(27,128)	(3,586)
Cash flows from financing activities			
Loans provided by group undertakings		7,673	-
Loans repayments to group undertakings		-	(3,923)
Payment of principal on lease liabilities		(2,217)	(1,548)
Payment of interest on lease liabilities		(1,446)	(270)
Proceeds from issue of shares	22	-	8,000
Net cash generated from financing activities		4,010	2,259
Net increase in cash and cash equivalents		7,756	9,254
Cash and cash equivalents at the beginning of the year		9,655	401
Cash and cash equivalents at the end of the year		**17,411**	**9,655**

Prior year restatements relate to reclassifications of loan provided to group undertakings of £9,439,000 and loan repayment by group undertakings of £9,377,000 from cash flows from financing activities to cash flows from investing activities. See further details in note 2.

The notes on pages 21 to 62 are an integral part of the consolidated financial statements.

1 GENERAL INFORMATION

Ingeus UK Limited (the "Company") is a private company limited by shares which is incorporated and domiciled in the United Kingdom. The principal activity of the Group is that of the provision of integrated programs and services for Government which are focused on Human Services.

The address of its registered office is: Fifth Floor, 18 Mansell Street, London, E1 8AA.

2 ACCOUNTING POLICIES

Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Ingeus UK Limited transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the years reported as a result of the change in framework.

The consolidated financial statements have been prepared and approved by the directors in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for the following:

- assets held for sale – measured at fair value less costs to sell; and
- defined benefit pension plans – plan assets measured at fair value.

The financial statements have been prepared on a going concern basis.

Rounding of amounts

The financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand, expect where otherwise stated.

Going concern

The financial statements have been prepared on the going concern basis, with a profit in the year amounting to £26,313,000 (2021: £16,448,000), net current assets of £60,602,000 (2021: £15,763,000) and net assets of £49,9903,000 (2021: £23,041,000), for the reasons set out below.

The Company and the Group are reliant on funds provided to them by their ultimate Parent Company, APM Human Services International Pty Limited ("APMHSI") which has indicated that it will continue to provide financial and other support to the extent necessary to enable the Group to continue to trade and meet its financial obligations for the foreseeable future and for at least twelve months from the date of signature of the audit report for the financial statements for the year ended 30 June 2022.

After due consideration of the matters set out above, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

2 ACCOUNTING POLICIES (CONTINUED)

New standards, amendments, and IFRIC interpretations

New and amended standards adopted by the Group

None of the following standards, interpretations and amendments effective for the year ended 30 June 2022 have had a material effect on these financial statements.

- Interest Rate Benchmark Reform Phase 2 - amendments to IFRS 9, IAS 39, IFRS 7, IFRS4 and IFRS 16;
- Covid-19-Related Rent Concessions - amendments to IFRS 16.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 June 2022 that have had a material impact on the Group's financial statements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the company. None of these are expected to have a material impact on the company in the current or future reporting periods on foreseeable future transactions.

Business combinations

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Revenue recognition

Employment services

While the specific terms vary by contract, the Group often receives four types of revenue streams under contracts with government entities: referral/attachment fees, job placement/job outcome fees, sustainment fees and incentive fees (collectively, "outcome fees").

Most of the Group's contracts include a single promise to stand ready to deliver pre-defined services. The Group concluded its performance obligations comprise a series of distinct monthly services that are substantially the same and which are transferred to the customer in the same manner. Accordingly, the monthly promise to stand ready is accounted for as a single performance obligation. Substantially all the Group's contracts include variable consideration, whereby it earns revenues if certain contractually defined outcomes occur in the future.

2 ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)
Employment services (continued)

As the related performance obligations are satisfied, the Group recognises revenue for those outcomes in proportion to the amount of the related fees it estimates have been earned. The amount of revenue is based upon the Group's estimate of the final amount of outcome fees to be earned. The Group evaluates probability using the expected value method because the likelihood it will be entitled to variable fees is binary in nature. These estimates consider i) contractual rates, ii) assumed success rates and iii) assumed participant life in program. Generally each of these estimates is based upon historical results, although for new contracts, other factors may be considered.

At each reporting year, the Group updates its estimate of variable consideration based on actual results or other relevant information and records an adjustment to revenue based upon services performed to date.

For some of the Group's contracts, it recognises revenue as it invoices customers because the amount to which it is entitled to invoice approximates the fair value of the services transferred.

The Group constrains its estimates of variable consideration by reducing those estimates to amounts it believes with enough confidence will not later result in a significant reversal of revenue. When determining if variable consideration should be constrained, management considers whether there are factors outside the Group's control that could result in a significant reversal of revenue. In making these assessments, the Group considers the likelihood and magnitude of a potential reversal of revenue.

Probation services
Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The directors have made estimates regarding revenue and certain other provisions based on their knowledge and estimates of the change in contract base that has occurred within the business during the year.

Youth services

Sign-up payments are recognised in line with delivery. The core payment and turn-up payment and the recruitment incentive, social mix and other bonuses or potential clawbacks, revenue streams deferred and recognised over the delivery of the NCS season. For the cost element, those relating to future courses are deferred and recognised over the duration of the course.

Employee assistance program services

Revenue represents services provided to customers to improve the mental health and wellbeing of their people. The services provided are referred to as an Employee Assistance Program ("EAP").

While the specific terms vary by contract, the Group typically receives three types of revenue streams under contracts with customers: fees for service, fixed service fees, ad hoc fees for whistle blowing, mentoring and training.

2 ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)
Employee assistance program services (continued)

Most of the Group's contracts are a fixed service fee, which includes a single promise to stand ready to deliver pre-defined services. The Group concluded its performance obligations comprise a series of distinct services that are substantially the same and which are transferred to the customer in the same manner. Accordingly, the promise to stand ready is accounted for as a single performance obligation.

Health services

The key revenue stream is the Core Price, where the estimated revenue from each performance milestone is straight-lined over the course year. This involves estimating the conversion rate for each milestone and determining an appropriate course year over which to recognise the revenue. The course year was estimated at 10 months, by which point over 90% of the milestone payments have been achieved.

Contract costs

Costs to fulfil a contract are capitalised if the costs relate directly to a contract or a specifically anticipated contract and the costs generate or enhance resources of the entity that will be used to satisfy future performance obligations.

Property plant and equipment

Property, plant and equipment is stated at historic purchase cost less accumulated depreciation and any impairment. Depreciation is provided at rates calculated to write off the cost on a straight-line basis over its expected useful economic life.

The estimated useful economic life of a leasehold improvement asset is determined by the length of the property lease for that site, provided it does not exceed:

a. the length of the underlying revenue contract for that site; or
b. the asset's economic useful life.

The annual depreciation rates applicable are as follows:

Land and buildings - leasehold improvements	2 – 5 years
Office equipment and fittings	3 years
Computer equipment	3 – 5 years
Motor vehicles	5 – 7 years

2 ACCOUNTING POLICIES (CONTINUED)

Impairment of assets

At each reporting year end, the Group reviews the carrying amounts of its intangible assets to assess whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Recoverable amount being the higher of fair value less costs to sell and value in use.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual CGUs, or otherwise allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

The key assumptions across the CGUs for the value in use calculations are those regarding profit forecasts, strategic benefits, risk factors and discount rates. The strategic benefits are based on new contract wins. Management has estimated the risk rate based on potential contract renewal and the discount rate reflects the Group's current market assessments of the time value of money.

Intangible Assets

Goodwill

Goodwill arising on acquisition is presented within intangible assets. Goodwill is measured at fair value less accumulated impairment losses and is reviewed annually for impairment.

Software

Externally purchased computer software licences and similar intangible items are capitalised at historical cost and amortised on a straight-line basis.

Internally developed software projects are capitalised at historical cost when there is technical feasibility of completing, intention to complete, ability to use, generation of probable future economic benefits, availability of technical, financial and other resources to complete the development of the software and it is possible to reliably measure the expenditure attributable to the asset.

Licences

Licences acquired on acquisition are initially recognised at fair value at the acquisition date. They are subsequently reported at cost less accumulated amortisation and impairment losses. They are amortised on a straight-line basis over their estimated useful lives of three years from the start of the relevant contract year.

Contracts

Contracts acquired on acquisition are initially recognised at fair value at the acquisition date. They are subsequently reported at cost less accumulated amortisation and impairment losses. They are amortised on a straight-line basis over their estimated useful lives of five years from the start of the relevant contract year.

2 ACCOUNTING POLICIES (CONTINUED)

Intangible Assets (continued)
Contracts (continued)

Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful economic life, as follows:

The annual amortisation rates applicable are as follows:

Computer software	3-5 years

Leases

At inception of a contract the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a year of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset; this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the year of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

a. The Group has the right to use the asset; or

b. The Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The incremental borrowing rate applied is 8.55% (2021: 8.55%).

2 ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an option renewal year if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Repayments of lease liabilities are separated into a principal portion and interest portion which are both presented within financing activities in the cash flow statement.

The lease liability is measured at amortised cost using the effective interest rate method. It is re-measured where there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes it assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment.

The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced within the year.

2 ACCOUNTING POLICIES (CONTINUED)

Financial assets
The Group classifies its financial assets as at amortised cost only when the business model of the Group is to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest.

At initial recognition, the Group measures a financial asset at its fair value, or in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Assets are subsequently measured at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in profit or loss when the assets are derecognised, modified or impaired.

Financial assets measured at amortised cost include trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Provisions
Provisions are recognised as a liability when a present obligation exists in respect of a past event and where the amount can be reliably estimated. Provisions are discounted where the time value of money is considered material.

Discontinued operations
A discontinued operation is a component of the entity that has been disposed of or classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operation. The results of discontinued operations are presented separately in the Consolidated Income Statement.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank, cash in hand and short-term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less.

Foreign currency translation
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Comprehensive Income.

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

2 ACCOUNTING POLICIES (CONTINUED)

Deferred tax
Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting, nor taxable profit or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. Deferred tax is not discounted.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

Employee benefits
Pension costs
The amount charged to the Statement of Comprehensive Income represents the contributions payable by the Group to the defined contribution pension scheme.

Defined contribution pension scheme

The Group operated defined contribution plans for its employees. The Group pays a fixed contribution into a separate entity after which it has no further payment obligation. These contributions are recognised as an expense when they fall due. Amounts not paid are accrued in the Statement of Financial Position until such time when payment is made. The assets of these plans are held separately from the Group's assets within an independently administered fund.

Defined benefit scheme – Local Government Pension Scheme

Employees who transferred to SWM from the Staffordshire and West Midlands Probation Trust and to DLNR from the Derbyshire, Leicestershire, Nottinghamshire and Rutland Probation Trust were at the time enrolled in the Local Government Pension Scheme ("LGPS") and were covered by the Staff Transfer Scheme ("STS").

The STS was incorporated into the contracts between SWM and DLNR (the "CRCs") and the MoJ for staff transferring from the National Probation Service into the CRCs or transferring from other eligible community rehabilitation companies and are entitled to be enrolled under the LGPS. This scheme has been closed to new employees since February 2016. The Group's share of the plan assets calculated at each triennial valuation of the Fund. Thereafter it is rolled forward to the accounting date using suitable estimates of the investment returns, contributions and benefits paid. The Group's contributions to the Fund are allocated entirely to the Group's asset share.

Eligible employees are covered by the provisions of the LGPS which is a funded defined-benefit scheme. Retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where the assets are insufficient to meet the retirement benefit. This pension scheme is subject to an independent triennial actuarial valuation to determine each employer's contributions rate. The last triennial review was conducted as at 31 March 2019. From 1st June 2014, SWM and DLNR became a member of the Greater Manchester Pension Fund ("GMPF"). The assets and liabilities relating to the former Probation Trust staff who transferred to the Group were transferred from their respective LGPS to the GMPF.

2 ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)
Defined benefit scheme – Local Government Pension Scheme

The responsibility for funding the past service liabilities and all future pension contributions for the employees who were active members of the LGPS, transferred with the employee to the new employers, namely the CRCs on 25 June 2021. The MoJ ensures that past service liabilities are 100% funded on an ongoing basis from this date.

Share based payments
The fair value of shares granted by the ultimate parent company to employees in recognition for services is recognised in the Group's and Company's accounts as equity settled. The shares are gifted by APM Human Services International Limited and the Group and Company have no obligation to settle the awards. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. A credit is recognised directly in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

Grant income
Grant income comprises the furlough scheme payments received and have been recognised in the Statement of Comprehensive Income as other income for statutory purposes.

Prior year restatements
In the 2021 consolidated statement of cash flows and the company statement of cash flows, loans provided to group undertakings and repayment of loans by group undertakings had been incorrectly presented as cash flows from financing activities whereas they should have been classified as cash flows from investing activities. The cash flows from financing activities and the cash flows from investing activities have been updated to reclassify these movements accordingly.

Significant accounting estimates and judgements
The preparation of these financial statements requires the use of estimates and judgements that affect the carrying amounts of assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates and judgements are based on management's best knowledge of the amount, events or actions, ultimately actual results may differ from those estimates. The key estimates and judgements used in these financial statements are set out below.

Estimates

Revenue recognition
Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The directors have made estimates regarding revenue and certain other provisions based on their knowledge and estimates of the change in contract base that has occurred within the business during the year.

For the Restart Scheme, the revenue model is based on the ratio of successful outcome expected to occur per cohort of participants using historic data from similar programmes, representing what is considered to be a highly probable outcome rate across a cohort of participants. The Group then multiplies the calculated outcome rate by the actual volume of participants to determine an estimated outcome fee receivable. The Group also further constrains the expected outcome-based revenue recognised for the expected impact of economic factors and margin of error in dealing with a new established contract. On a quarterly basis, the Group applies the refreshed rates prospectively and books an adjustment in the current period for performance obligations (i.e. distinct service periods) that have already been satisfied.

2 ACCOUNTING POLICIES (CONTINUED)

Estimates (continued)
Revenue recognition (continued)

If the key inputs into the models were a reasonably possible 5% lower or higher the impact to the carrying amounts would be as follows:

Sensitivity **Year ended 30 June 2022**	**Ratio of outcomes** **£'000**
-5% lower and impact	(2,496)
+5% higher and impact	2,496

Where revenue from specific contracts is subject to clawback amounts by respective contracting bodies, a separate provision is accrued for.

Judgements

Impairment excluding deferred tax assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 ACCOUNTING POLICIES (CONTINUED)

Judgements (continued)

Deferred tax assets recognition
Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses. Deferred tax assets are based on tax laws (and tax rates) that have been enacted or substantively enacted at the balance date.

Deferred tax assets have been recognised to the extent that their recovery is probable, having regard to the availability of sufficient taxable temporary differences, the projected future taxable income and after taking account of specific risk factors that are expected to affect the recovery of these assets.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliability. Management has made judgements on certain assumptions used to estimate the provisions (see note 21).

Leases
Lease payments are discounted at the rate management have determined to be the lessee's incremental borrowing rate.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The Group is required to restore its leased premises to their original condition at the end of the respective lease terms. A dilapidations provision is recognised for the present value of the estimated expenditure required to remove any leasehold improvements (see note 21). These costs are capitalised as part of the cost of leasehold property improvements and depreciated over the shorter of the term of the lease and the useful life of the asset.

Income taxes
The Group recognises liabilities for anticipated tax based on management's best estimates as to whether additional taxes will be due. Where the final tax outcome of these matters is different from the amount that were initially recorded, such differences will impact the income tax and deferred tax provision in the year in which such determination is made.

3 REVENUE

The total revenue of the Group for the current year and prior year has been derived from its principal activity substantially undertaken in the United Kingdom.

Continued operations	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Employment services	118,173	49,840
Probation	19,671	108
Youth services	12,139	18,119
Health	34,860	7,610
Employment Assistant Services	4,776	3,602
	189,619	**79,279**

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	30 June 2022 £'000	30 June 2021 £'000
Trade receivables from customers (see note 15)	12,832	8,352
Contract assets (accrued income) (see note 15)	55,673	11,476
Contract liabilities (deferred income) (see notes 17 and 18)	60,826	19,322
Assets recognised from costs incurred to fulfil a contract	14,347	5,289

Contract assets represent revenue recognised but not yet invoiced. All contract assets as at 30 June 2021 were invoiced during the year ended 30 June 2022. As at 30 June 2022, £55,673,000 of contract assets (2021: £11,476,000) are expected to be invoiced within the following twelve months.

Contract liabilities represent the Group's obligation to transfer goods or services to customers, for which the Group has already received consideration from the customer. As at 30 June 2022, £31,297,000 of goods and services (2021: £18,001,000) are expected to be provided within the following twelve months.

During the year there was a significant increase in contract assets and liabilities. This was largely due to the addition of the Restart programme activities during the year which saw the first participants in July 2021.

4 OTHER INCOME

Continued operations

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Income from group undertakings	1,089	287
Grant income	-	124
Other	340	88
	1,429	**499**

Income from group undertakings arises from intergroup recharges.

5 OPERATING PROFIT

Continued operations

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Operating profit is stated after charging/ (crediting):		
Amortisation of intangible assets	499	-
Depreciation of property, plant and equipment from continuing operations	5,321	547
Depreciation of right of use assets from continuing operations	4,525	1,490
Gain on disposal of property, plant and equipment	-	(209)
Impairment of property, plant and equipment	-	1,566
Net impairment loss/(gain) on financial and contract assets*	39	(1,298)

*Of the above impairment losses, a charge of £39,000 (2021: £12,000) relates to receivables arising from contracts with customers. A charge of £nil (2021: reversal of £1,310,000) relates to an impairment of the amount owed by group undertakings.

Profit of the parent company

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's profit after income tax for the financial year was £21,347,000 (2021: profit of £7,089,000).

During the year the group obtained the following services from the company's auditors and its associates:

Auditors' remuneration	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Fees payable to the company's auditors for the audit of parent company	194	106
Fees payable to the company's auditors for the audit of the consolidated financial statements and company subsidiaries	46	71
	240	**177**

6 FINANCE COSTS

Continued operations

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Interest expense on lease liability	1,446	270
Other interest	1,638	-
	3,084	**270**

7 INCOME TAX CHARGE/(CREDIT)

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Current year tax		
UK corporation tax	2,028	-
Current tax charge	**2,028**	**-**
Deferred tax		
Deferred tax charge/(credit) for the year	1,889	(4,885)
Adjustment in respect of prior years	(373)	-
Effect of changes in tax rate	596	(367)
Deferred tax charge/(credit)	**2,112**	**(5,252)**
Income tax charge/(credit)	**4,140**	**(5,252)**
Income tax expense is attributable to:		
Profit from continuing operations	**4,140**	**(5,252)**

7 INCOME TAX CHARGE/(CREDIT) (CONTINUED)

The income tax is lower (2021: lower) than the standard rate of tax at 19% (2021: 19%). The differences are explained below:

Factors affecting the income tax for the year	**Year ended 30 June 2022 £'000**	**Year ended 30 June 2021 £'000**
Profit before taxation from continuing activities	26,837	1,284
Profit before taxation from discontinued operations	3,616	9,912
	30,453	11,196
Profit before taxation multiplied by standard corporation tax at 19% (2021: 19%)	**5,786**	**2,127**
Effects of:		
Adjustments in respect of prior periods	(373)	-
Non-deductible expenses	940	219
Income not taxable	(785)	(703)
Tax rate changes	596	-
Effects of group relief/ other reliefs	(1,319)	(552)
Unrecognised losses brought forward	(705)	-
Losses	-	-
Amounts recognised	-	(6,343)
Income tax	**4,140**	**(5,252)**

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19% as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance date have been measured using these enacted rates and reflected in these financial statements.

8 EMPLOYEES

Group

Number of employees
The average monthly number of employees during the year was:

	Year ended 30 June 2022 Number	Year ended 30 June 2021 Number
Management	2	21
Operational and administration	1,967	1,937
	1,969	**1,958**

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Employment costs (including directors):		
Wages and salaries	65,461	30,424
Social security costs	6,315	3,014
Pension costs - defined contribution plans	1,628	919
Less discontinued operations	-	(23,129)
Pension costs – defined benefit plans	-	2,935
	73,404	**14,163**

Company

Number of employees
The average monthly number of employees during the year was:

	Year ended 30 June 2022 Number	Year ended 30 June 2021 Number
Management	2	2
Operational and administration	1,910	889
	1,912	**891**

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Employment costs (including directors):		
Wages and salaries	63,912	29,916
Social security costs	6,159	2,920
Pension contribution (defined contributions)	1,564	872
Intercompany recharges	(480)	(5,644)
	71,155	**28,064**

8 EMPLOYEES (CONTINUED)

Highest paid director

F Woodbridge received £477,464 remuneration from Ingeus UK Limited (2021: £226,800) for her services to the Group during the year. The Group paid £24,750 to the defined contribution pension scheme on behalf of F Woodbridge during the year (2021: £18,000). She did not receive or exercise any share options during the year (2021: nil).

Other directors

A Hart received £262,000 remuneration (including pension) from Ingeus UK Limited (2021: £207,749 from the Reducing Reoffending Partnership Limited) for his services to the Group during the year.

J Sawyer and GH Meyerowitz received £nil remuneration (including pension) from Ingeus UK Limited (2021: £nil) for their services to the Group during the year. No costs in respect of J Sawyer's or GH Meyerowitz's services as directors of Ingeus UK Limited were recharged to the Group as it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries.

9 DISCONTINUED OPERATIONS

In January 2020, SWM and DLNR signed a variation with the MoJ which amended the Contract Period by making the termination date 25 June 2021.

As at 30 June 2021, as the contract with the MoJ was the only contract held by the two companies, the entire operating results have been recognised as a discontinued operation.

The results of the subsidiaries for the year are presented below:

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Revenue	3,392	46,941
Cost of sales	503	(31,068)
Gross profit	**3,895**	**15,873**
Administrative expenses	(1,087)	(10,232)
Net impairment profit on financial and contract assets	-	2,309
Operating profit	**2,808**	**7,950**
Finance income	808	-
Finance costs	-	(163)
Profit before taxation	**3,616**	**7,787**
Income tax expense	-	-
Profit for the year from discontinued operations	**3,616**	**7,787**
Gain on disposal from discontinued operations	-	2,125
Other comprehensive income/(expense), net of tax		
Items that may be reclassified to profit or loss		
Re-measurement of pension liability	-	(9,844)
Re-measurement of pension asset and reimbursement asset	-	9,844
Total comprehensive profit net of tax for the year	**3,616**	**9,912**

9 DISCONTINUED OPERATIONS (CONTINUED)

As the contract was terminated on the 25 June 2021, there are no held for sale assets recognised at year-end as the transaction had completed by this date.

The net cashflows incurred by companies are as follows:

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Operating	3,162	3,938
Investing	-	591
Financing	(6,073)	(1,340)
Net cash inflow/(outflow)	**(2,911)**	**3,189**

10 BUSINESS COMBINATION

On the 1 August 2020, the Group acquired 100% of CNLR Horizons Limited for £1,478,000 and its determined fair values result in intangibles of £1,463,000. Its principal activity is to provide employee assistance programmes. Final consideration for the acquisition of £400,000 was paid in July 2022.

Purchase consideration – cash outflow
Outflow of cash to acquire subsidiary, net of cash acquired

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Cash consideration	359	668
Less balances acquired:		
Cash	-	(648)
Net outflow of cash – investing activities	**359**	**20**

11 INTANGIBLE ASSETS

Group

	Goodwill	Licences	Contracts	Computer software licences	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 July 2021	3,750	-	-	275	4,025
Additions	-	-	-	1,722	1,722
At 30 June 2022	**3,750**	**-**	**-**	**1,997**	**5,747**
Accumulated amortisation					
At 1 July 2021	2,286	-	-	-	2,286
Charge for the year	-	-	-	499	499
At 30 June 2022	**2,286**	**-**	**-**	**499**	**2,785**
Net book value					
At 30 June 2022	**1,464**	**-**	**-**	**1,498**	**2,962**

	Goodwill	Licences	Contracts	Computer software licences	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 July 2020	2,316	280	1,380	660	4,636
Additions	1,464	-	-	297	1,761
Disposals	(30)	(280)	(1,380)	(682)	(2,372)
At 30 June 2021	**3,750**	**-**	**-**	**275**	**4,025**
Accumulated amortisation					
At 1 July 2020	2,316	280	1,380	522	4,498
Charge for the year	-	-	-	160	160
Disposals	(30)	(280)	(1,380)	(682)	(2,372)
At 30 June 2021	**2,286**	**-**	**-**	**-**	**2,286**
Net book value					
At 30 June 2021	**1,464**	**-**	**-**	**275**	**1,739**

Disposals of £30,000 goodwill and £682,000 computer software licences relate to discontinued operations.

11 INTANGIBLE ASSETS (CONTINUED)

Company

	Computer software licences £'000
Cost	
At 1 July 2021	275
Additions	1,722
At 30 June 2022	**1,997**
Accumulated amortisation	
At 1 July 2021	-
Charge for the year	499
At 30 June 2022	**499**
Net book value	
At 30 June 2022	**1,498**

	Computer software licences £'000
Cost	
At 1 July 2020	-
Additions	275
At 30 June 2021	**275**
Accumulated amortisation	
At 1 July 2020	-
Charge for the year	-
At 30 June 2021	**-**
Net book value	
At 30 June 2021	**275**

12 PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold property	Office equipment and fittings	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 July 2021	14,094	5,163	2,178	-	21,435
Additions	26,648	-	1,720	-	28,368
Remeasurement	(4,116)	-	-	-	(4,116)
Disposals	(772)	-	-	-	(772)
At 30 June 2022	**35,854**	**5,163**	**3,898**	**-**	**44,915**
Accumulated depreciation					
At 1 July 2021	987	4,273	654	-	5,914
Charge for the year	8,613	235	998	-	9,846
Disposals	(692)	-	-	-	(692)
At 30 June 2022	**8,908**	**4,508**	**1,652**	**-**	**15,068**
Net book value					
At 30 June 2022	**26,946**	**655**	**2,246**	**-**	**29,847**

	Leasehold property	Office equipment and fittings	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 July 2020	11,876	6,808	2,802	1,109	22,595
Additions	12,837	872	1,464	-	15,173
Disposals	(10,619)	(2,517)	(2,088)	(1,109)	(16,333)
At 30 June 2021	**14,094**	**5,163**	**2,178**	**-**	**21,435**
Accumulated depreciation					
At 1 July 2020	7,447	3,747	2,329	1,042	14,565
Charge for the year	2,319	1,441	543	60	4,363
Disposals	(8,918)	(2,481)	(2,218)	(1,102)	(14,719)
Impairment	139	1,566	-	-	1,705
At 30 June 2021	**987**	**4,273**	**654**	**-**	**5,914**
Net book value					
At 30 June 2021	**13,107**	**890**	**1,524**	**-**	**15,521**

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

	Leasehold property	Office equipment and fittings	Computer equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 July 2021	13,930	5,163	2,144	21,237
Additions	26,647	-	1,722	28,369
Remeasurement	(4,116)	-	-	(4,116)
Disposals	(168)	-	-	(168)
At 30 June 2022	**36,293**	**5,163**	**3,866**	**45,322**
Accumulated depreciation				
At 1 July 2021	821	4,274	644	5,739
Charge for the year	8,614	235	987	9,836
Disposals	(88)	-	-	(88)
Impairment	-	-	-	-
At 30 June 2022	**9,347**	**4,509**	**1,631**	**15,487**
Net book value				
At 30 June 2022	**26,946**	**654**	**2,235**	**29,835**

	Leasehold property	Office equipment and fittings	Computer equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 July 2020	1,586	4,291	743	6,620
Additions	12,837	872	1,401	15,110
Disposals	(493)	-	-	(493)
At 30 June 2021	**13,930**	**5,163**	**2,144**	**21,237**
Accumulated depreciation				
At 1 July 2020	923	1,626	303	2,852
Charge for the year	595	1,082	341	2,018
Disposals	(697)	-	-	(697)
Impairment	-	1,566	-	1,566
At 30 June 2021	**821**	**4,274**	**644**	**5,739**
Net book value				
At 30 June 2021	**13,109**	**889**	**1,500**	**15,498**

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use assets

Group

Included within property, plant and equipment are right-of-use assets, which consists of assets arising from operating lease arrangements accounted for under IFRS 16:

	Leasehold property	Office equipment and fittings	Total
	£'000	£'000	£'000
Cost			
At 1 July 2021	12,714	4,377	17,091
Additions	11,921	-	11,921
Remeasurement	(4,116)	-	(4,116)
Disposals	(168)	-	(168)
At 30 June 2022	**20,351**	**4,377**	**24,728**
Accumulated depreciation			
At 1 July 2021	979	4,292	5,271
Charge for the year	4,545	-	4,545
Disposals	(88)	-	(88)
At 30 June 2022	**5,436**	**4,292**	**9,728**
Net book value			
At 30 June 2022	**14,915**	**85**	**15,000**

	Leasehold property	Office equipment and fittings	Total
	£'000	£'000	£'000
Cost			
At 1 July 2020	6,006	4,377	10,383
Additions	11,729	-	11,729
Disposals	(5,021)	-	(5,021)
At 30 June 2021	**12,714**	**4,377**	**17,091**
Accumulated depreciation			
At 1 July 2020	3,050	1,682	4,732
Charge for the year	1,466	1,044	2,510
Disposals	(3,675)	-	(3,675)
Impairment	138	1,566	1,704
At 30 June 2021	**979**	**4,292**	**5,271**
Net book value			
At 30 June 2021	**11,735**	**85**	**11,820**

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use assets (continued)

Company

Included within property, plant and equipment are right-of-use ("ROU") assets, which consists of assets arising from operating lease arrangements accounted for under IFRS 16:

	Leasehold property	Office equipment and fittings	Total
	£'000	£'000	£'000
Cost			
At 1 July 2021	12,310	4,176	16,486
Additions	11,922	-	11,922
Remeasurement	(4,116)	-	(4,116)
Disposals	(168)	-	(168)
At 30 June 2022	**19,948**	**4,176**	**24,124**
Accumulated depreciation			
At 1 July 2021	558	4,110	4,668
Charge for the year	4,459	66	4,525
Disposals	(88)	-	(88)
At 30 June 2022	**4,929**	**4,176**	**9,105**
Net book value			
At 30 June 2022	**15,019**	**-**	**15,019**

	Leasehold property	Office equipment and fittings	Total
	£'000	£'000	£'000
Cost			
At 1 July 2020	1,074	4,176	5,250
Additions	11,729	-	11,729
Disposals	(493)	-	(493)
At 30 June 2021	**12,310**	**4,176**	**16,486**
Accumulated depreciation			
At 1 July 2020	809	1,500	2,309
Charge for the year	446	1,044	1,490
Disposals	(697)	-	(697)
Impairment	-	1,566	1,566
At 30 June 2021	**558**	**4,110**	**4,668**
Net book value			
At 30 June 2021	**11,752**	**66**	**11,818**

13 DEFERRED TAX ASSET

The deferred taxation asset is made up as follows:

	Group		Company	
	30 June 2022	**30 June 2021**	**30 June 2022**	**30 June 2021**
	£'000	**£'000**	**£'000**	**£'000**
Balance at beginning of the year	5,252	-	5,252	-
Deferred tax (charge)/credit	(2,112)	5,252	(2,863)	5,252
Balance at end of the year	**3,140**	**5,252**	**2,389**	**5,252**

	Group		Company	
	30 June 2022	**30 June 2021**	**30 June 2022**	**30 June 2021**
	£'000	**£'000**	**£'000**	**£'000**
Fixed assets	2,133	1,491	1,382	-
Short term timing differences	2	38	2	-
Losses	947	3,723	947	-
Other - provisions	58	-	58	
	3,140	**5,252**	**2,389**	**5,252**

Unrecognised deferred tax	Group		Company	
	30 June 2022	**30 June 2021**	**30 June 2022**	**30 June 2021**
	£'000	**£'000**	**£'000**	**£'000**
Fixed assets	-	1,876	-	-
Short term timing differences	-	69	-	-
Losses	-	621	-	-
Intangibles	-	2	-	-
	-	**2,568**	**-**	**-**

14 INVESTMENTS

Company

	30 June 2022	**30 June 2021**
	£'000	**£'000**
Cost and carrying amount of directly owned investments		
CNLR Horizons Limited	1,479	1,479
	1,479	**1,479**

Further details of the company's direct and indirect subsidiaries are disclosed in note 29.

15 TRADE AND OTHER RECEIVABLES

	Group		Company	
	30 June 2022 £'000	30 June 2021 £'000	30 June 2022 £'000	30 June 2021 £'000
Trade receivables	12,832	8,352	12,393	4,902
Other receivables	2,605	2,171	2,597	1,899
Amounts owed by group undertakings	37,380	21,009	40,981	23,948
Prepayments	18,318	6,763	18,290	6,758
Accrued income	55,673	11,476	55,440	5,056
	128,808	**49,771**	**129,701**	**42,563**

As at 30 June 2022 amounts owed by group undertakings are unsecured, do not incur any interest and are repayable on demand.

For the Group:
Included in amounts owed by group undertakings is impairment recognised on receivables from the Group undertakings totalling £18,854,000 (2021: £18,854,000).

Trade receivables are stated after provisions for impairment of £274,000 (2021: £237,000).

For the Company:
Included in amounts owed by group undertakings is impairment recognised on receivables from the Group undertakings totalling £21,119,000 (2021: £21,119,000).

Trade receivables are stated after provisions for impairment of £55,000 (2021: £55,000).

16 CASH AND CASH EQUIVALENTS

	Group		Company	
	30 June 2022 £'000	30 June 2021 £'000	30 June 2022 £'000	30 June 2021 £'000
Cash	23,005	15,247	17,411	9,655
	23,005	**15,247**	**17,411**	**9,655**

17 TRADE AND OTHER PAYABLES – CURRENT

	Group		Company	
	30 June 2022 £'000	30 June 2021 £'000	30 June 2022 £'000	30 June 2021 £'000
Trade payables	5,776	3,511	5,742	3,186
Amounts owed to group undertakings	2,692	685	10,405	2,107
Other taxes and social security costs	4,992	8,471	4,987	7,640
Other payables	7,301	4,370	7,294	4,354
Accruals	28,464	9,828	26,707	6,681
Deferred income	31,297	18,001	59,764	13,971
	80,522	**44,866**	**114,899**	**37,939**

Amounts owed to group undertakings are unsecured, do not charge any interest and are repayable on demand.

18 TRADE AND OTHER PAYABLES – NON-CURRENT

	Group		Company	
	30 June 2022 £'000	30 June 2021 £'000	30 June 2022 £'000	30 June 2021 £'000
Other	-	400	-	400
Deferred income	29,529	1,321	-	-
	29,529	**1,721**	**-**	**400**

19 LEASE LIABILITY

	Group		Company	
	30 June 2022 £'000	30 June 2021 £'000	30 June 2022 £'000	30 June 2021 £'000
Current	4,987	1,936	4,987	1,688
Between one and five years	12,797	12,048	12,797	12,048
	17,784	**13,984**	**17,784**	**13,736**

Assets acquired under lease contracts are secured by the lessor's title to the leased assets. Total cash outflow for the Group is £4,878,000 (2021: £3,203,000). Total cash outflow for the Company is £3,759,000 (2021: £1,809,000).

20 POST-EMPLOYMENT BENEFIT

The Staffordshire and West Midlands Community Rehabilitation Company Limited ("SWM") and The Derbyshire Leicestershire Nottinghamshire and Rutland Community Rehabilitation Company Limited ("DLNR") participated in the Greater Manchester Local Government Pensions Fund ("LGPS"). The participation commenced on 1 June 2014 when the employees of the trust were transferred into SWM and DLNR (the "CRCs") and the companies became admitted bodies. As such the CRCs were granted a fully funded past service position at the date. On termination of its contract on 25 June 2021, all employees transferred to HMPPS or providers within the Dynamic Framework along with the associate pension assets and liabilities.

The following information is based on upon an IAS19 roll forward from the previous valuation of the fund as at 25 June 2021 by a qualified independent actuary.

Net pension liability

	30 June 2022 £'000	30 June 2021 £'000
Defined benefit obligation	-	-
Plan assets	-	-
	-	-

Movements in present value of defined benefit obligation

	30 June 2022 £'000	30 June 2021 £'000
At the beginning of the year	-	(262,065)
Current service cost	-	(7,367)
Past service cost	-	(24)
Interest expense	-	(3,928)
Actuarial gain/(loss)	-	(19,345)
Contributions by members	-	(989)
Benefits paid	-	3,449
At point of transfer (25 June 2021)	-	(290,269)
Transfer	-	290,269
As the end of the year	-	-

Movements in fair value of plan assets

	30 June 2022 £'000	30 June 2021 £'000
At the beginning of the year	-	175,716
Interest income on plan assets	-	2,613
Return on plan assets less interest	-	29,189
Restructuring contribution by employer	-	188
Early retirement contributions by employer	-	288
Contribution by employer	-	2,397
Contribution by members	-	989
Benefits paid	-	(3,449)
At point of transfer (25 June 2021)	-	207,931
Transfer	-	(207,931)
As at the end of the year	-	-

20 POST-EMPLOYMENT BENEFIT (CONTINUED)

Reconciliation of opening and closing balance for reimbursement right recognised as an asset

	30 June 2022 £'000	30 June 2021 £'000
At the beginning of the year	-	(86,349)
Net interest expense	-	(1,315)
Re-measurement through other comprehensive income	-	5,344
Re-measurement through profit and loss	-	(4,518)
At point of transfer (25 June 2021)	-	(86,838)
Transfer	-	86,838
As at the end of the year	-	-

Expense/income recognised in the Statement of Comprehensive Income

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Contributions paid by the Group	-	(2,935)
Adjustment to current service cost	-	(4,518)
Adjustment to re-imbursement asset	-	4,518
Net interest on net defined benefit liability	-	1,315
Net interest on net re-imbursement asset	-	(1,315)
Total net recognised in Statement of Comprehensive Income	-	**(2,935)**

Total actuarial loss	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Changes in financial assumptions	-	(21,118)
Changes in demographic assumptions	-	(1,223)
Other experience	-	2,996
Total actuarial loss	-	**(19,345)**

	30-Jun-22 £'000	30 June 2021 £'000
Actual return on plan assets	-	**29,189**

20 POST-EMPLOYMENT BENEFIT (CONTINUED)

Post retirement costs and contributions in the year

Included in provisions (note 21) is a provision of £225,000 (2021: £583,000) in relation to ill-health retirement benefits. As per the contract terms with the MoJ, Group employees can claim for ill health retirement under the rules of the LGPS. Each individual's claim is first screened by the Group, and then medically assessed by the LGPS. Where ill health retirement is granted, the individual's pension will be enhanced, the scale of the enhancement being dependent on the extent of the deterioration in the individual's health.

Under the LGPS rules, the Group is required to meet the capital cost of enhancing each individual's pension due to ill health. The Group's liability to future ill health claims ceased on 25 June 2021 when the contract ended.

During the year, £358,000 was released (2021: £662,000 was charged) to the statement of comprehensive income in relation to the ill-health costs. The amount paid during the year was £nil (2021: £433,000).

21 PROVISIONS

Group

	Lease dilapid-ations	Other provision	Onerous contract provision	Employee provisions	Ill health provision	Total provision
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2021	1,541	69	1,696	29	583	3,918
Provisions made in the year	3,400	-	-	-	-	3,400
Provisions used in the year	(90)	(69)	(273)	(29)	-	(461)
Provisions released in the year	(84)	-	(420)	-	(358)	(862)
Balance at 30 June 2022	**4,767**	**-**	**1,003**	**-**	**225**	**5,995**
At 30 June 2022						
Current provisions	445	-	1,003	-	225	1,673
Non-current provisions	4,322	-	-	-	-	4,322
	4,767	**-**	**1,003**	**-**	**225**	**5,995**
At 30 June 2021						
Current provisions	487	65	1,289	29	583	2,453
Non-current provisions	1,054	4	407	-	-	1,465
	1,541	**69**	**1,696**	**29**	**583**	**3,918**

21. PROVISIONS (CONTINUED)
Company

	Lease dilapid-ations	Other provision	Onerous contract provision	Employee provisions	Total provision
	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2021	1,226	67	873	-	2,166
Provisions made in the year	3,400	-	-	-	3,400
Provisions used in the year	-	(67)	-	-	(67)
Provisions released in the year	(3)	-	(272)	-	(275)
Balance at 30 June 2022	**4,623**	**-**	**601**	**-**	**5,224**
At 30 June 2022					
Current provisions	302	-	601	-	903
Non-current provisions	4,321	-	-	-	4,321
	4,623	**-**	**601**	**-**	**5,224**
At 30 June 2021					
Current provisions	172	64	465	-	701
Non-current provisions	1,054	3	408	-	1,465
	1,226	**67**	**873**	**-**	**2,166**

Lease dilapidations
This provision represents the estimated lease dilapidation costs on the Group's lease tenancies. When a property is exited, the provision is used to defray any dilapidation settlements. The non-current provisions will be utilised between 2-4 years.

Other provision
This provision relates to the future property costs (excluding rental payments) where the Group has vacated a property and has no further commercial use for the property. The non-current provisions will be utilised between 1-2 years.

Onerous contract provision
This provision relates to contracts which the Group operates, which were forecast to be loss-making over the contract term. The non-current provisions will be utilised between 1-2 years.

21 PROVISIONS (CONTINUED)

Employee provisions
This provision relates to the provision for announced redundancy costs and the long-term management incentive scheme. Costs incurred when employees leave the Group or when incentives are paid out are offset against the amount provided. The non-current provisions will be utilised between 1-2 years.

Ill health
This provision relates to historic obligations in relation to ill-health retirement benefits under the LGPS pension scheme (note 20).

22 SHARE CAPITAL

	Value per share	Ordinary Shares	
		30 June 2022	30 June 2021
	£	Number	Number
On issue at the beginning of the year	1	34,691,134	4
Issued share capital	1	-	34,691,130
On issue at the end of the year		**34,691,134**	**34,691,134**

There are no restrictions on dividends or repayments of capital.

The share capital was issued on 1st March 2021. The issue of shares consisted of non-cash consideration. £5,691,000 of the shares issued were offset against existing intercompany payable amounts. The remaining £29,000,000 was recognised as an intercompany receivable as at the issue date of which £8,000,000 had been settled as at the year end date.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The objective of the Group's capital management is to ensure that it maintains strong credit ratings and capital ratios. This will ensure that the business is correctly supported and shareholder value is maximised.

The Group and Company manage their capital structure through adjustments that are dependent on economic conditions. In order to maintain or adjust the capital structure, the Group or Company may choose to issue new share capital to shareholders. There were no changes to the objectives or policies during the years ended 30 June 2022 and 30 June 2021.

(a) Fair values of financial instruments

Trade and other receivables/payables
For current trade and other receivables with a remaining useful life of less than one year, excluding other taxes and social security costs, the amortised cost is deemed to reflect fair value.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Fair values of financial instruments (continued)

The fair values of all financial assets and financial liabilities by class together with their fair carrying amounts shown in the Statement of Financial Position are as follows:

Group	Carrying amount		Fair value	
	30 June 2022 £'000	30 June 2021 £'000	30 June 2022 £'000	30 June 2021 £'000
Financial assets				
Cash and cash equivalents	23,005	15,247	23,005	15,247
Receivables	110,722	50,660	110,722	50,660
	133,727	**65,907**	**133,727**	**65,907**
Financial liabilities				
Trade and other payables	77,762	35,908	77,762	35,908
Lease liability	17,784	13,984	17,784	13,984
	95,546	**49,892**	**95,546**	**49,892**

Company	Carrying amount		Fair value	
	30 June 2022 £'000	30 June 2021 £'000	30 June 2022 £'000	30 June 2021 £'000
Financial assets				
Cash and cash equivalents	17,411	9,655	17,411	9,655
Receivables	114,993	44,538	114,993	44,538
	132,404	**54,193**	**132,404**	**54,193**
Financial liabilities				
Trade and other payables	53,730	32,700	53,730	32,700
Lease Liability	17,784	13,736	17,784	13,736
	71,514	**46,436**	**71,514**	**46,436**

(b) Credit risk

Credit risk is the risk of financial loss to the Group or Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's or Company's receivables from customers and investment securities.

Internal risk control assesses the credit quality of the customers, taking into account its financial position, past experience and other factors set by the Board. The majority of customers are government institutions with an inherently low credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the Statement of Financial Position date was £133,727,000 (2021: £65,907,000) being the total of the carrying amount of financial assets, excluding prepayments, shown in the table above.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

The maximum exposure to credit risk for trade receivables at the Statement of Financial Position date was £12,832,000 (2021: £8,352,000).

Credit quality of financial assets and impairment losses
The aging of trade receivables at the Statement of Financial Position date

Group	Gross 30 June 2022 £'000	Impairment 30 June 2022 £'000	Gross 30 June 2021 £'000	Impairment 30 June 2021 £'000
Financial assets				
Not past due	9,423	-	5,621	-
Past due 0 - 30 days	2,579	19	1,918	36
Past due 31 - 120 days	875	89	501	114
Past 120 days	229	166	549	87
	13,106	**274**	**8,589**	**237**

There was an impairment provision of trade receivables of £274,000 (2021: £237,000) at the year end. As of 30 June 2022 trade receivables of £3,409,000 (2021: £2,731,000) were past due but not impaired. Amounts in relation to government contracts have no history of default.

There was an impairment provision of intercompany receivables of £18,854,000 (2021: £18,854,000)

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

(c) Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates and equity prices. These may affect the Group or Company's income or the value of its holdings of financial instruments. Market risk can also be the risk of changes in the market impacting competition and performance.

The Group has no exposure to equity securities price risk.
There has been no change in the Group's or Company's exposures to market risks compared to prior years.

(d) Interest rate risk

The Group and Company do not account for any fixed rates financial assets and liabilities at fair value through Statement of Comprehensive Income. Therefore, a change in interest rates at the reporting date would not affect profit through a revaluation.

(e) Foreign currency risk

The Group and Company trade mainly in sterling and therefore has no significant currency risk. There is some foreign currency risk presented by financing arrangements in CAD and USD. However, the Group has significant overseas financing arrangements in sterling to minimise this risk.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

Group

	Year ended 30 June 2022				
	Carrying amount	**Contractual cash flows**	**1 year or less**	**1 to < 2 years**	**2 to < 5 years**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Non-derivative financial liabilities					
Trade and other payables	77,762	77,762	77,762	-	-
Lease liability	17,784	20,295	6,768	6,467	7,060
	95,546	**98,057**	**84,530**	**6,467**	**7,060**

	Year ended 30 June 2021				
	Carrying amount	**Contractual cash flows**	**1 year or less**	**1 to < 2 years**	**2 to < 5 years**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Non-derivative financial liabilities					
Trade and other payables	35,908	35,908	35,908	-	-
Lease liability	13,984	17,334	3,034	3,712	10,588
	49,892	**53,242**	**38,942**	**3,712**	**10,588**

Company

	Year ended 30 June 2022				
	Carrying amount	**Contractual cash flows**	**1 year or less**	**1 to < 2 years**	**2 to < 5 years**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Non-derivative financial liabilities					
Trade and other payables	53,730	53,730	53,730	-	-
Lease Liability	17,784	20,295	6,768	6,467	7,060
	71,514	**74,025**	**60,498**	**6,467**	**7,060**

	Year ended 30 June 2021				
	Carrying amount	**Contractual cash flows**	**1 year or less**	**1 to < 2 years**	**2 to < 5 years**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Non-derivative financial liabilities					
Trade and other payables	32,700	32,700	32,700	-	-
Lease Liability	13,736	17,039	2,857	3,594	10,588
	46,436	**49,739**	**35,557**	**3,594**	**10,588**

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(g) Capital management

For the purposes of the Group's capital management, capital includes issued capital and all other equity reserve attributable to the equity holders of the parent. The primary object of the Group's capital management is to maximise the shareholder value and ensure the Group continues as a going concern. Management also aims to maintain a capital structure that ensures the lower cost of capital to the Group. The Group manages its capital structure and makes adjustments considering changes in economic conditions

24 SHARE BASED PAYMENTS

In November 2021 the ultimate parent company gifted 970 employees shares at a value of £549,000 (2021: £nil). The options were granted and exercised at the point of gift. The Company has recognised the intrinsic value of the shares as a share-based payment expense. The Company has no obligation in relation to the gift and the credit is recognised directly in equity.

25 RELATED PARTY TRANSACTIONS

Group

	Transaction value for the year ending		**Balance outstanding as at**	
	30 June 2022 £'000	**30 June 2021 £'000**	**30 June 2022 £'000**	**30 June 2021 £'000**
Management charges				
Ingeus Europe Limited	(574)	-	(574)	-
Serendipity (WA) Pty Limited	115	755	-	(115)
Transactions on behalf of related party				
Ingeus Europe Limited	1,778	(3,926)	6,735	4,957
Advanced Personnel Management Group (UK) Limited	2,636	538	3,255	619
Ingeus PTE. Ltd (Singapore)	(4)	(30)	26	30
WCG (Canada)	43	(56)	99	56
Ingeus GmbH (Germany)	14	(2)	16	2
Serendipity (WA) Pty Limited	(48)	1,375	(619)	(571)
Ingeus AG (Switzerland)	5	-	5	-
Loans				
Ingeus Europe Limited	(1,600)	(311)	(1,500)	100
Advanced Personnel Management Group (UK) Limited	(2,500)	(48)	10,599	13,099
APM Group Pty Limited	500	(21,000)	21,500	21,000
Serendipity (WA) Pty Limited	14,000	-	14,000	-
Impairment provision	-	3,664	(18,854)	(18,854)
			34,688	**20,323**

25 RELATED PARTY TRANSACTIONS (CONTINUED)

	Transaction value for the year ending		Balance outstanding as at	
	30 June 2022 £'000	30 June 2021 £'000	30 June 2022 £'000	30 June 2021 £'000
Summary				
Amounts owed by group undertakings (net of impairment) (note 15)			37,380	21,009
Amounts owed to group undertakings – current (note 17)			(2,692)	(686)
Net balance owed to group undertakings			**34,688**	**20,323**

Company

	Transaction value for the year ending		Balance outstanding as at	
	30 June 2022 £'000	30 June 2021 £'000	30 June 2022 £'000	30 June 2021 £'000
Management charges				
Ingeus Europe Limited	(574)	-	(574)	-
Serendipity (WA) Pty Limited	-	1,648	-	-
Transactions on behalf of related party				
ITL Training Limited	-	-	(1,536)	(1,536)
Serendipity (WA) Pty Limited	(51)	1,375	(622)	(571)
Ingeus Europe Limited	1,778	(311)	1,878	100
The Reducing Reoffending Partnership Limited	(355)	(951)	968	1,323
The Staffordshire and West Midlands Community Rehabilitation Company Limited	(860)	6,372	439	1,299
The Derbyshire, Leicestershire, Nottinghamshire and Rutland Community Rehabilitation Company Limited	(589)	4,090	413	1,002
Advanced Personnel Management Group (UK) Limited	2,652	570	3,410	758
Invisage Limited	-	-	1,566	1,566
CNLR Horizons Limited	2,348	236	2,584	236
Ingeus PTE. Ltd (Singapore)	(5)	30	27	32
WCG (Canada)	43	56	99	56
Ingeus AG (Switzerland)	5	-	5	-
Ingeus GmbH (Germany)	16	-	16	-
			8,673	4,265

25 RELATED PARTY TRANSACTIONS (CONTINUED)

	Transaction value for the year ending		Balance outstanding as at	
	30 June 2022 £'000	30 June 2021 £'000	30 June 2022 £'000	30 June 2021 £'000
			8,673	4,265
Loans				
Ingeus Europe Limited	(1,600)	(3,926)	(1,600)	-
The Staffordshire and West Midlands Community Rehabilitation Company Limited	(6,073)	431	(6,073)	-
The Derbyshire, Leicestershire, Nottinghamshire and Rutland Community Rehabilitation Company Limited	-	3,492	-	-
The Reducing Reoffending Partnership Limited	-	1,190	4,346	4,346
Advanced Personnel Management Group (UK) Limited	(2,500)	2,549	10,599	13,099
CNLR Horizons Limited	-	250	250	250
APM Group Pty Limited	500	21,000	21,500	21,000
Serendipity (WA) Pty Limited	14,000	-	14,000	-
Impairment provision	-	1,925	(21,119)	(21,119)
			30,576	**21,841**
Summary				
Amounts owed by group undertakings (net of impairment) (note 15)			40,981	23,948
Amounts owed to group undertakings – current (note 17)			(10,405)	(2,107)
Net balance owed to group undertakings			**30,576**	**21,841**

All amounts owed to Ingeus Europe Limited, The Derbyshire, Leicestershire, Nottinghamshire and Rutland Community Rehabilitation Company Limited and The Staffordshire and West Midlands Community Rehabilitation Company Limited are unsecured, do not incur interest charges and are repayable on demand.

The Group's key management personnel are the Group's directors. Transactions with key management personnel (who are the directors) are disclosed in Note 8.

26 NET DEBT RECONCILIATION

	Group		Company	
	30 June 2022 £'000	30 June 2021 £'000	30 June 2022 £'000	30 June 2021 £'000
Cash and cash equivalents	23,005	15,247	17,411	9,655
Lease liabilities	(17,784)	(13,984)	(17,784)	(13,736)
Related party borrowings	(1,500)	-	(7,673)	-
Net debt	**3,721**	**1,263**	**(8,046)**	**(4,081)**

Group

	Cash £'000	Leases £'000	Related parties £'000	Total £'000
Net debt at 1 July 2021	15,247	(13,984)	-	1,263
Financing cash flows	7,758	2,265	(1,500)	8,523
New leases	-	(11,921)	-	(11,921)
Lease remeasurement	-	4,116	-	4,116
Lease write off	-	1,740	-	1,740
Interest expense	-	(1,446)	-	(1,446)
Interest payments (presented as operating cash flows)	-	1,446	-	1,446
Net debt at 30 June 2022	**23,005**	**(17,784)**	**(1,500)**	**3,721**
Net debt at 1 July 2020	1,497	(6,578)	-	(5,081)
Financing cash flows	13,750	2,726	-	16,476
New leases	-	(11,729)	-	(11,729)
Lease write off	-	1,597	-	1,597
Interest expense	-	(429)	-	(429)
Interest payments (presented as operating cash flows)	-	429	-	429
Net debt at 30 June 2021	**15,247**	**(13,984)**	**-**	**1,263**

26 NET DEBT RECONCILIATION (CONTINUED)

Company

	Cash £'000	Leases £'000	Related parties £'000	Total £'000
Net debt at 1 July 2021	9,655	(13,736)	-	(4,081)
Financing cash flows	7,756	2,217	(7,673)	2,300
New leases	-	(11,921)	-	(11,921)
Lease remeasurement	-	4,116	-	4,116
Lease write off	-	1,540	-	1,540
Interest expense	-	(1,446)	-	(1,446)
Interest payments (presented as operating cash flows)	-	1,446	-	1,446
Net debt at 30 June 2022	**17,411**	**(17,784)**	**(7,673)**	**(8,046)**
Net debt at 1 July 2020	401	(3,655)	-	(3,254)
Financing cash flows	9,254	1,548	-	10,802
New leases	-	(11,729)	-	(11,729)
Lease write off	-	100		100
Interest expense	-	(270)	-	(270)
Interest payments (presented as operating cash flows)	-	270	-	270
Net debt at 30 June 2021	**9,655**	**(13,736)**	**-**	**(4,081)**

27 SECURITY GRANTED OVER CERTAIN MATERIAL ASSETS

As at 30 June 2022 the Company and the Group had granted a qualifying floating charge over all or substantially all of its assets as security over the debts of a fellow subsidiary APM Global Holdings Pty Ltd to the security beneficiaries set out in APM Global Holdings Pty Ltd facility agreement. These charges were subsequently removed on 9 August 2022.

On 29 November 2021 the Company granted a first fixed charge over cash deposit to HSBC UK Bank plc. The maximum obligation of the Company under this deed is US$230,000.

28 EVENTS AFTER THE REPORTING DATE

There are no subsequent events after the balance date.

29 SUBSIDIARY COMPANIES

The Company's subsidiaries, including subsidiaries held by indirect holding companies are:

Name	Country	Ordinary share capital ownership 30 June 2022 %	Ordinary share capital ownership 30 June 2021 %
Invisage Limited [1]	UK	100%	100%
Ingeus Scotland Limited* [2,4]	UK	-	100%
ITL Training Limited [1]	UK	100%	100%
The Reducing Reoffending Partnership Limited [1]	UK	100%	100%
The Derbyshire Leicestershire Nottinghamshire and Rutland Community Rehabilitation Company Limited [1,3]	UK	100%	100%
The Staffordshire and West Midlands Community Rehabilitation Company Limited [1,3]	UK	100%	100%
Ability Insight Limited* [1]	UK	100%	100%
CNLR Horizons Limited [1]	UK	100%	100%

* Dormant company

[1] Registered address – 18 Mansell Street, London, E1 8AA

[2] Registered address – 13 Queen's Road, Aberdeen, Scotland

[3] This company is a subsidiary of The Reducing Reoffending Partnership Limited

[4] This company was dissolved in August 2021

30 ULTIMATE AND CONTROLLING PARTY

The immediate parent company of Ingeus UK Limited is Ingeus Europe Limited (registered office Fifth Floor, 18 Mansell Street, London, E1 8AA, UK). The ultimate parent company and controlling party is APM Human Services International Limited, a company incorporated in Australia. The ultimate parent company heads the largest and smallest group to consolidate these financial statements.

The consolidated financial statements for the ultimate parent company can be obtained from the following address: 58 Ord Street, West Perth WA 6005, PO Box 1752, West Perth WA 6872, Australia.