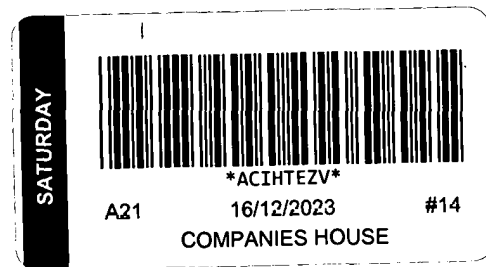


Company registration number: 04320853 (England and Wales)

INGEUS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



INGEUS UK LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2023

Company registration number	04320853 (England and Wales)
Company name	Ingeus UK Limited
The board of directors	F Woodbridge A Hart J Sawyer
Company secretary	C Raffinetti
Registered office	Second Floor 66-68 East Smithfield Royal Pharmaceutical Building London E1W 1AW
Business address	Second Floor 66-68 East Smithfield Royal Pharmaceutical Building London E1W 1AW
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Chamberlain Square Birmingham B3 3AX
Business bankers	Lloyds Bank PLC 25 Gresham Street London EC2V 7HN

INGEUS UK LIMITED
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INGEUS UK LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2023

The directors present their annual report and the audited consolidated financial statements of Ingeus UK Limited and its subsidiaries ('the Group') for the year ended 30 June 2023.

Principal activities

Ingeus UK Limited ('the Company') is a limited company which is incorporated and domiciled in the United Kingdom. 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.

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 4% from the previous year to £197.0 million (2022: £189.6 million). The Group made a profit in the year of £27.7 million (2022: £26.3 million). Net assets increased by 56% during the year to £77.6 million (2022: £49.9 million).

Business Overview

The Group specialises in creating and delivering services in Employment, Health, Youth 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.

Employment

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 168,000 people into lasting employment during the last 12 months.

The most significant Employment contract relates to the Restart programme where Ingeus is the prime contractor in Greater Manchester and Central London.

Ingeus also delivered Work and Health Programme (WHP) which incorporated 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 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 supported the National Diabetes Prevention Programme (NDPP). This programme was 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 led an innovative partnership with the Leicester Diabetes Centre and Aviva (a digital health provider) to deliver NDPP.

Business Overview (continued)

Youth Services

The Youth Division provides social and personal development programmes for young people, promoting employability, life skills and social action through 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.

During the year Ingeus delivered services as 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.

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.

The largest Justice contract Ingeus delivers is CFO3 across three regions; East Midlands, North East and Yorkshire & Humber. This programme is focused on supporting participants into employment through education, training, counselling and rehabilitation services.

Ingeus also delivers CFO Activity Hubs which provide a safe environment for offenders to access support for accommodation, health, finance, debt, employment and training as well as CRS programmes supporting 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.

People

The Directors are committed to the Group being a responsible employer. For the Group to succeed they need to manage their people's performance, develop and nurture 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 of the Group's suppliers.

Directors' duties (continued)

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 carefully 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 UK economic and political environment remains uncertain, with both a challenging economic environment combined with potential political uncertainty in the run up to the next UK general election.

It's difficult to predict the direct impact of these events on the business, however the Directors keep abreast of on-going developments and respond accordingly, including ensuring that positive relationships are built with all relevant stakeholders.

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.

Employees

The Group's performance depends largely on the quality and commitment of its employees and its ability to attract and retain the best talent. The Group encourages the involvement of eligible employees in the Group's performance through a senior manager 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.

Principal risks and uncertainties (continued)

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.

Key Performance Indicators ('KPIs')

Comprehensive KPIs are used within the business to manage performance. The key financial KPIs relate to revenue, profit and net assets (as shown in 'Review of results and operations' above). The non-financial KPIs relate to operational performance indicators such as the number of people supported through delivery of the Group's programmes. Key programme outcomes such as employment commencement or achievement of qualifications are monitored on an individual contract basis.

During the year ended 30 June 2023 242,000 people were supported through an Ingeus delivered programme (2022: 169,000).

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.

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 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 cash, trade debtors and accrued income. The amounts presented in the Statement of Financial Position are net of allowances for doubtful debts.

Credit risk principally relates to trade debtors and is considered to be low as debtors are generally government departments or government agencies. Cash is held with UK bank and financial institutions with investment grade credit ratings.

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.

In particular, in response to the most recent engagement survey, the directors have taken steps to improve communication throughout the business by establishing a series of all employee calls and communication points to keep employees up to date with business developments and establish a forum for enhanced communication with employees. In addition, a new development programme has been launched which encourages participation from employees at different stages in their career to prepare them for the next steps in their career journey.

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

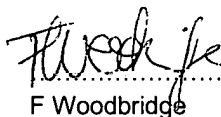
The Group published its data in April 2023 in relation to the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

This report showed that the Group's median gender pay gap of 0% is much lower than the national average of 8.3%. 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. During the financial year it was announced that the Company had been awarded a new contract to provide functional health assessments for the Department of Work and Pensions (DWP). This contract will commence in 2024 and run for 5 years.

On behalf of the board



.....
F Woodbridge

Director

24 November 2023

INGEUS UK LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

The directors present their annual report and the audited consolidated financial statements of the Group for the year ended 30 June 2023.

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 (2022: Nil).

Directors

The following directors held office during the year ended 30 June 2023 and up to the signing of these financial statements:

F Woodbridge
A Hart
J Sawyer

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 308,921 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:

Energy Use	Year ended 30 June 2023		Year ended 30 June 2022	
	Kilowatt Hours (KW/h)	Kg of Carbon Dioxide Equivalent (kg/CO2e)	Kilowatt Hours (KW/h)	Kg of Carbon Dioxide Equivalent (kg/CO2e)
Electricity	308,921	67,981	76,654	16,868
Gas	Nil	Nil	Nil	Nil
Total	308,921	67,981	76,654	16,868

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 £2,898.28 of revenue, 1 kg of carbon dioxide equivalent ("CO2/e") is produced (2022: £11,241.34). 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.

INGEUS UK LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

Going concern

The financial statements have been prepared on the going concern basis, with a profit in the year of £27.7 million (2022: £26.3 million), net current assets of £89.1 million (2022: £60.6 million) and net assets of £77.6 million (2022: £49.9 million).

In addition to the strong financial performance for the year, which is expected to continue in future periods, the Company and the Group are supported by funds provided to them by their ultimate Parent Company, APM Human Services International 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 2023.

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.

INGEUS UK LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

Events after the reporting date

There are no events after balance date.

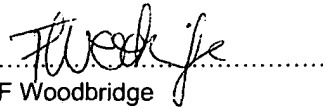
Directors' indemnities

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 independent 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

A handwritten signature in black ink, appearing to read 'F Woodbridge', is written over a horizontal dotted line.

F Woodbridge

Director

24 November 2023

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 2023 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 as applied in accordance with the provisions of the Companies Act 2006; 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 2023; the Consolidated statement of comprehensive income, the Consolidated and company statements of cash flows, 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.

INGEUS UK LIMITED
INDEPENDENT AUDITORS REPORT
FOR THE YEAR ENDED 30 JUNE 2023

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 2023 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 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.

INGEUS UK LIMITED
INDEPENDENT AUDITORS REPORT
FOR THE YEAR ENDED 30 JUNE 2023

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment legislation, data protection legislation and health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the UK taxation legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of unusual journals or manipulating accounting estimates which could be subject to management bias. Audit procedures performed by the engagement team included:

- 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 (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
24 November 2023

INGEUS UK LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Continuing operations			
Revenue	3	197,028	189,619
Cost of sales		<u>(104,788)</u>	<u>(99,661)</u>
Gross profit		92,240	89,958
Administrative expenses		(58,659)	(61,427)
Net impairment gains/(losses) on financial and contract assets	5	979	(39)
Other income	4	<u>147</u>	<u>1,429</u>
Operating profit	5	34,707	29,921
Finance income	6	231	-
Finance costs	7	<u>(3,361)</u>	<u>(3,084)</u>
Profit before taxation		31,577	26,837
Income tax charge	8	<u>(4,189)</u>	<u>(4,140)</u>
Profit for the year from continuing operations		27,388	22,697
Profit from discontinued operation (attributable to equity holders of the company)	10	317	3,616
Total comprehensive income net of tax for the year		<u>27,705</u>	<u>26,313</u>


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

The notes on pages 20 to 58 are an integral part of the consolidated financial statements.

INGEUS UK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	30 June 2023 £'000	30 June 2022 £'000
ASSETS			
Non-current assets			
Intangible assets	12	2,384	2,962
Property, plant and equipment	13	19,873	29,847
Deferred tax asset	14	1,782	3,140
Other receivables	15	7,255	-
Total non-current assets		31,294	35,949
Current assets			
Trade and other receivables	17	142,938	126,808
Cash and cash equivalents	18	12,283	23,005
Total current assets		155,221	149,813
TOTAL ASSETS		186,515	185,762
LIABILITIES			
Current liabilities			
Corporation tax		1,529	2,029
Trade and other payables	19	58,303	80,522
Lease liability	21	5,583	4,987
Provisions	22	752	1,673
Total current liabilities		66,167	89,211
Net current assets		89,054	60,602
Non-current liabilities			
Trade and other payables	20	31,732	29,529
Lease liability	21	6,704	12,797
Provisions	22	4,304	4,322
Total non-current liabilities		42,740	46,648
TOTAL LIABILITIES		108,907	135,859
NET ASSETS		77,608	49,903
SHAREHOLDER'S EQUITY			
Share capital	23	34,691	34,691
Share premium		5,000	5,000
Reserves		114	114
Retained earnings		37,803	10,098
Equity attributable to owners of the parent		77,608	49,903
TOTAL EQUITY		77,608	49,903

The financial statements on pages 13 to 58 were approved by the board of directors on 24 November 2023 and signed on its behalf by:


F Woodbridge

Director


The notes on pages 20 to 58 are an integral part of the consolidated financial statements.
Company registration number: 04320853 (England and Wales)

INGEUS UK LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	30 June 2023 £'000	Restated ¹ 30 June 2022 £'000
ASSETS			
Non-current assets			
Intangible assets	12	920	1,498
Property, plant and equipment	13	19,875	29,835
Deferred tax asset	14	1,159	2,389
Other receivables	15	7,255	-
Investments	16	1,479	1,479
Total non-current assets		30,688	35,201
Current assets			
Trade and other receivables	17	143,901	129,701
Cash and cash equivalents	18	11,063	17,411
Total current assets		154,964	147,112
TOTAL ASSETS		185,652	182,313
LIABILITIES			
Current liabilities			
Corporation tax		1,448	2,029
Trade and other payables	19	66,079	85,370
Lease liability	21	5,583	4,987
Provisions	22	252	903
Total current liabilities		73,362	93,289
Net current assets		81,602	53,823
Non-current liabilities			
Trade and other payables	20	31,732	29,529
Lease liability	21	6,704	12,797
Provisions	22	4,303	4,321
Total non-current liabilities		42,739	46,647
TOTAL LIABILITIES		116,101	139,936
NET ASSETS		69,551	42,377
EQUITY			
Share capital	23	34,691	34,691
Share premium		5,000	5,000
Capital contributions reserve		114	114
Retained earnings		29,746	2,572
TOTAL EQUITY		69,551	42,377

The Company profit for the year ended 30 June 2023 was £27,174,000 (2022: £21,347,000).

The financial statements on pages 13 to 58 were approved by the board of directors on 24 November 2023 and signed on its behalf by:


F Woodbridge
Director

The notes on pages 20 to 58 are an integral part of the consolidated financial statements.

¹ Prior year restatement relates to the reclassification of £29,529,000 of trade and other payables from current liabilities to non-current liabilities. See further details in notes 2, 19 and 20.

INGEUS UK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Share capital £'000	Share premium £'000	Reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2022	34,691	5,000	114	10,098	49,903
Profit for the year	-	-	-	27,705	27,705
Total comprehensive income	-	-	-	27,705	27,705
Balance at 30 June 2023	34,691	5,000	114	37,803	77,608

	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
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

The notes on pages 20 to 58 are an integral part of the consolidated financial statements.

INGEUS UK LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Share premium	Reserves	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2022	34,691	5,000	114	2,572	42,377
Profit for the year	-	-	-	27,174	27,174
Total comprehensive income	-	-	-	27,174	27,174
Balance at 30 June 2023	34,691	5,000	114	29,746	69,551

	Share capital	Share premium	Reserves	Accumulated losses/retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'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
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	549	549
Balance at 30 June 2022	34,691	5,000	114	2,572	42,377

The notes on pages 20 to 58 are an integral part of the consolidated financial statements .

INGEUS UK LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Cash flows from operating activities			
Profit before tax for the year from continuing operations		31,577	26,837
Profit before tax for the year from discontinuing operations	10	399	3,616
Profit before tax for the year		31,976	30,453
Depreciation	13	10,305	9,846
Amortisation	12	582	499
Write off of lease liabilities		(209)	(1,740)
Corporation tax payments		(3,412)	-
Finance income	6	(231)	-
Finance cost		1,314	1,446
Share based payments		-	549
Net loss on disposal of property, plant and equipment		224	80
Increase in trade and other receivables		(7,356)	(65,137)
(Decrease)/increase in trade and other payables		(19,617)	62,324
Decrease in provisions		(939)	(1,323)
Cash generated from operating activities		12,637	36,997
Net cash generated from operating activities		12,637	36,997
Cash flows from investing activities			
Purchase of property, plant and equipment		(499)	(13,047)
Purchase of intangible assets		(4)	(1,722)
Loans provided to group undertakings		(15,825)	(14,500)
Loan repayments by group undertakings		-	2,600
Acquisition of subsidiary, net of cash acquired		(400)	(359)
Net cash used in investing activities		(16,728)	(27,028)
Cash flows from financing activities			
Loans provided by group undertakings		-	1,500
Payment of principal on lease liabilities		(5,344)	(2,265)
Payment of interest on lease liabilities		(1,314)	(1,446)
Interest received		27	-
Net cash used in financing activities		(6,631)	(2,211)
Net (decrease)/increase in cash and cash equivalents		(10,722)	7,758
Cash and cash equivalents at the beginning of the year		23,005	15,247
Cash and cash equivalents at the end of the year		12,283	23,005

The notes on pages 20 to 58 are an integral part of the consolidated financial statements.

INGEUS UK LIMITED
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Cash flows from operating activities			
Profit before tax for the year		31,235	26,238
Depreciation	13	10,294	9,836
Amortisation	12	582	499
Finance income	6	(231)	-
Corporation tax payments		(3,412)	-
Write off of lease liability		(209)	(1,540)
Net finance expense		1,314	1,446
Share based payments		-	549
Loss on disposal of property, plant and equipment		221	80
Increase in trade and other receivables		(5,426)	(75,138)
(Decrease)/Increase in trade and other payables		(16,688)	69,246
Decrease in provisions		(669)	(342)
Cash generated from operations		17,011	30,874
Net cash generated from operating activities		17,011	30,874
Cash flows from investing activities			
Purchase of property, plant and equipment		(499)	(13,047)
Purchase of intangible assets		(4)	(1,722)
Loans provided to group undertakings		(15,825)	(14,500)
Loan repayments by group undertakings		-	2,500
Acquisition of subsidiary		(400)	(359)
Net cash used in investing activities		(16,728)	(27,128)
Cash flows from financing activities			
Loans provided by group undertakings		-	7,673
Payment of principal on lease liabilities		(5,344)	(2,217)
Payment of interest on lease liabilities		(1,314)	(1,446)
Interest received		27	-
Net cash (used in)/generated from financing activities		(6,631)	4,010
Net (decrease)/increase in cash and cash equivalents		(6,348)	7,756
Cash and cash equivalents at the beginning of the year		17,411	9,655
Cash and cash equivalents at the end of the year		11,063	17,411

The notes on pages 20 to 58 are an integral part of the consolidated financial statements.

INGEUS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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: Second Floor, 66-68 East Smithfield, Royal Pharmaceutical Building, London, E1W 1AW.

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

The consolidated and Company 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.

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, except where otherwise stated.

Going concern

The financial statements have been prepared on the going concern basis, with a profit in the year of £27,705,000 (2022: £26,313,000), net current assets of £89,054,000 (2022: £60,602,000) and net assets of £77,608,000 (2022: £49,903,000), for the reasons set out below.

In addition to the strong financial performance for the year, which is expected to continue in future periods, the Company and the Group are supported by funds provided to them by their ultimate Parent Company, APM Human Services International 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 2023.

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 2023 have had a material effect on these financial statements.

- Annual Improvements to IFRS 2018-2020;
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Reference to the Conceptual Framework (Amendments to IFRS 3).

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 June 2023 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 2023 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's revenue under contracts with government entities includes 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 in relation to this stand ready service 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 of 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.

Justice 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 contain 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.

Clawback liabilities

Where revenue from specific contracts is subject to clawback amounts by respective contracting bodies a separate refund liability is recognised within accruals.

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:

Leasehold property and improvements	2 – 5 years
Office equipment and fittings	3 years
Computer equipment	3 – 5 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.

The annual amortisation rates applicable are as follows:

Computer software	3-5 years
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2 ACCOUNTING POLICIES (CONTINUED)

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 to separate non-lease components and account for the lease and non-lease components separately.

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.

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.

2 ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

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 its 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.

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.

2 ACCOUNTING POLICIES (CONTINUED)

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.

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, deferred tax assets are presented within non-current assets.

2 ACCOUNTING POLICIES (CONTINUED)

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.

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 recognised as an expense is determined by reference to the fair value of the options granted.

Prior year restatements

In the 2022 company statement of financial position, non-current deferred income had been incorrectly presented as current deferred income. The classification of both current and non-current deferred income has been restated in these financial statements.

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.

2 ACCOUNTING POLICIES (CONTINUED)

Estimates (continued)

Revenue recognition (continued)

For the Restart Scheme, the revenue model is based on the ratio of successful outcomes expected to occur per cohort of participants using historical programme data across previous cohorts of participants. This data is used to generate an independent actuarial forecast of the probable future outcome rate for the current cohort of participants. The Group then multiplies the calculated outcome rate by the actual volume of participants to determine an estimated outcome fee receivable. 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.

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

Sensitivity	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
-5% lower and impact	(6,965)	(2,496)
+5% higher and impact	7,641	2,496

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" or "CGU").

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 Statement of Financial Position 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 reliably. Management has made judgements on certain assumptions used to estimate the provisions (see note 22).

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 occur, 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 22). 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.

INGEUS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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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 2023 £'000	Year ended 30 June 2022 £'000
Employment services	141,828	118,173
Justice services	22,807	19,671
Youth services	19,824	12,139
Health	7,388	34,860
Employment Assistant Services	5,181	4,776
	197,028	189,619

Contract balances

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

	30 June 2023 £'000	30 June 2022 £'000	1 July 2021 £'000
Trade receivables from customers (see note 17)	7,866	12,832	8,352
Contract assets (accrued income) (see note 17)	55,783	55,673	11,476
Contract liabilities (deferred income) (see notes 19 and 20)	47,870	60,826	19,322
Assets recognised from costs incurred to fulfil a contract	12,616	14,347	5,289

Contract assets represent revenue recognised but not yet invoiced. All contract assets as at 30 June 2022 were invoiced during the year ended 30 June 2023. As at 30 June 2023, £55,783,000 of contract assets (2022: £55,673,000) 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 2023, £16,138,000 of goods and services (2022: £31,297,000) are expected to be provided within the following twelve months.

During the year there was a reduction in contract liabilities and assets recognised from costs incurred to fulfil a contract. This was due to the timing of key contracts, primarily the Restart contract, where income was received and costs were incurred at the start of the contract which have now been recognised in the Statement of Comprehensive Income.

INGEUS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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4 OTHER INCOME

Continued operations

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Income from group undertakings	147	1,089
Other	-	340
	147	1,429

Income from group undertakings arises from intergroup recharges.

5 OPERATING PROFIT

Continued operations

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Operating profit is stated after charging/ (crediting):		
Amortisation of intangible assets (included in administrative expenses)	582	499
Depreciation of property, plant and equipment from continuing operations	5,284	5,321
Depreciation of right of use assets from continuing operations	5,021	4,545
Loss on disposal of right of use assets	173	-
Loss on disposal of owned assets	51	-
Net impairment (gain)/loss on financial and contract assets*	(979)	39

*Of the above impairment losses, a reversal of £60,000 (2022: £39,000) relates to receivables arising from contracts with customers. A reversal of £919,000 (2022: charge of £nil) 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 £27,174,000 (2022: profit of £21,347,000).

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

Auditors' remuneration

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Fees payable to the company's auditors for the audit of parent company	216	194
Fees payable to the company's auditors for the audit of the consolidated financial statements and company subsidiaries	62	46
Fees payable to the company's auditors for audit-related assurance services	22	-
	300	240

INGEUS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

6 FINANCE INCOME

Continued operations

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Other interest	231	-
	231	-

7 FINANCE COSTS

Continued operations

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Interest expense on lease liability	1,314	1,446
Other interest	2,047	1,638
	3,361	3,084

8 INCOME TAX CHARGE

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Current year tax		
Current tax charge for the year	2,936	2,028
Adjustment in respect of previous periods	(23)	-
Current tax charge	2,913	2,028
Deferred tax		
Deferred tax charge for the year	997	1,889
Adjustment in respect of prior years	142	(373)
Effect of changes in tax rate	219	596
Deferred tax charge	1,358	2,112
Income tax charge	4,271	4,140
Income tax charge is attributable to:		
Profit from continuing operations	4,189	4,140
Profit from discontinued operations	82	-
	4,271	4,140

INGEUS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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8 INCOME TAX CHARGE (CONTINUED)

The income tax is lower (2022: lower) than the standard rate of tax at 20.5% (2022: 19%). The differences are explained below:

Factors affecting the income tax for the year	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Profit before taxation from continuing activities	31,577	26,837
Profit before taxation from discontinued operations	399	3,616
	<u>31,976</u>	<u>30,453</u>
Profit before taxation multiplied by standard corporation tax at 20.5% (2022: 19%)	6,555	5,786
Effects of:		
Adjustments in respect of prior periods	119	(373)
Non-deductible expenses	644	940
Income not taxable	(3)	(785)
Tax rate changes	219	596
Effects of group relief/ other reliefs	(3,263)	(1,319)
Unrecognised losses brought forward	-	(705)
Income tax	<u>4,271</u>	<u>4,140</u>

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.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group does not account for deferred tax on top-up taxes and therefore, there was no impact on the recognition and measurement of deferred tax balances as a result of the legislation being substantively enacted.

INGEUS UK LIMITED
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9 EMPLOYEES

Group

Number of employees

The average monthly number of employees during the year was:

	Year ended 30 June 2023 Number	Year ended 30 June 2022 Number
Management	2	2
Operational and administration	2,178	1,967
	2,180	1,969
	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Employment costs (including directors):		
Wages and salaries	71,344	65,461
Social security costs	7,051	6,315
Pension costs	1,916	1,628
	80,311	73,404

Company

Number of employees

The average monthly number of employees during the year was:

	Year ended 30 June 2023 Number	Year ended 30 June 2022 Number
Management	2	2
Operational and administration	2,124	1,910
	2,126	1,912
	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Employment costs (including directors):		
Wages and salaries	69,425	63,912
Social security costs	6,851	6,159
Pension contribution	1,841	1,564
Intercompany recharges	(421)	(480)
	77,696	71,155

INGEUS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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9 EMPLOYEES (CONTINUED)

Directors' remuneration

The total remuneration of the directors for the year was as follows:

	Year ended 30 June 2023 £000	Year ended 30 June 2022 £000
Directors' remuneration	824	709
Directors pension contributions	45	45
Total	869	754

Pension contributions related to two directors (2022: two): F Woodbridge and A Hart.

The total remuneration of the highest paid director was £602,884 (2022: £501,464), this included pension contributions of £24,000. Directors' bonuses accrued in the year but not yet paid were as follows: F Woodbridge £165,000 (2022: £165,000), A Hart £45,000 (2022: £40,000), J Sawyer £nil (2022: £nil). No directors exercised share options during the financial year (2022: none).

J Sawyer received £nil remuneration from Ingeus UK Limited (2022: £nil) for his services to the Group during the year. J Sawyer's services to the Company are of a non-executive nature and his remuneration is deemed to be wholly attributable to his services to the ultimate parent company.

10 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 2023 £'000	Year ended 30 June 2022 £'000
Revenue	191	3,392
Cost of sales	-	503
Gross profit	191	3,895
Administrative expenses	208	(1,087)
Net impairment profit on financial and contract assets	-	-
Operating profit	399	2,808
Finance income	-	808
Profit before taxation	399	3,616
Income tax expense	(82)	-
Profit for the year from discontinued operations	317	3,616
Total comprehensive profit net of tax for the year	317	3,616

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.

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10 DISCONTINUED OPERATIONS (CONTINUED)

The net cashflows incurred by companies are as follows:

	Year ended 30 June 2023 £'000	Year ended 30 June 2022 £'000
Operating	(1,550)	3,162
Financing	548	(6,073)
Net cash outflow	(1,002)	(2,911)

11 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 2023 £'000	Year ended 30 June 2022 £'000
Cash consideration	400	359
Net outflow of cash – investing activities	400	359

INGEUS UK LIMITED
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12 INTANGIBLE ASSETS

Group

	Goodwill	Computer software licences	Total
	£'000	£'000	£'000
Cost			
At 1 July 2022	3,750	1,997	5,747
Additions	-	4	4
At 30 June 2023	3,750	2,001	5,751
Accumulated amortisation			
At 1 July 2022	2,286	499	2,785
Charge for the year	-	582	582
At 30 June 2023	2,286	1,081	3,367
Net book value			
At 30 June 2023	1,464	920	2,384

	Goodwill	Computer software licences	Total
	£'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

INGEUS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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12 INTANGIBLE ASSETS (CONTINUED)

Company

	Computer software licences £'000
Cost	
At 1 July 2022	1,997
Additions	4
At 30 June 2023	2,001
Accumulated amortisation	
At 1 July 2022	499
Charge for the year	582
At 30 June 2023	1,081
Net book value	
At 30 June 2023	920

	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

INGEUS UK LIMITED
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FOR THE YEAR ENDED 30 JUNE 2023

13 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property and impr- ovements £'000	Office equipment and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 July 2022	35,854	5,163	3,898	44,915
Additions	508	2	45	555
Disposals	(1,093)	(4,249)	(1)	(5,343)
At 30 June 2023	35,269	916	3,942	40,127
Accumulated depreciation				
At 1 July 2022	8,908	4,508	1,652	15,068
Charge for the year	9,182	219	904	10,305
Disposals	(869)	(4,249)	(1)	(5,119)
At 30 June 2023	17,221	478	2,555	20,254
Net book value				
At 30 June 2023	18,048	438	1,387	19,873

	Leasehold property and impr- ovements £'000	Office equipment and fittings £'000	Computer equipment £'000	Total £'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

INGEUS UK LIMITED
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13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold property and impr- ovements £'000	Office equipment and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 July 2022	36,293	5,163	3,866	45,322
Additions	508	2	45	555
Disposals	(1,090)	(4,249)	(1)	(5,340)
At 30 June 2023	35,711	916	3,910	40,537
Accumulated depreciation				
At 1 July 2022	9,347	4,509	1,631	15,487
Charge for the year	9,182	219	893	10,294
Disposals	(869)	(4,249)	(1)	(5,119)
Impairment	-	-	-	-
At 30 June 2023	17,660	479	2,523	20,662
Net book value				
At 30 June 2023	18,051	437	1,387	19,875
	Leasehold property and impr- ovements £'000	Office equipment and fittings £'000	Computer equipment £'000	Total £'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)
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

INGEUS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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13 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 and impr- ovements £'000	Office equipment and fittings £'000	Total £'000
Cost			
At 1 July 2022	20,351	4,377	24,728
Additions	56	-	56
Disposals	(1,234)	(4,377)	(5,611)
At 30 June 2023	19,173	-	19,173
Accumulated depreciation			
At 1 July 2022	5,436	4,292	9,728
Charge for the year	5,021	-	5,021
Disposals	(1,162)	(4,292)	(5,454)
At 30 June 2023	9,295	-	9,295
Net book value			
At 30 June 2023	9,878	-	9,878
	Leasehold property and impr- ovements £'000	Office equipment and fittings £'000	Total £'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

13 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 and impr- ovements £'000	Office equipment and fittings £'000	Total £'000
Cost			
At 1 July 2022	19,948	4,176	24,124
Additions	56	-	56
Disposals	(831)	(4,176)	(5,007)
At 30 June 2023	19,173	-	19,173
Accumulated depreciation			
At 1 July 2022	4,929	4,176	9,105
Charge for the year	5,021	-	5,021
Disposals	(656)	(4,176)	(4,832)
At 30 June 2023	9,294	-	9,294
Net book value			
At 30 June 2023	9,879	-	9,879

	Leasehold property and impr- ovements £'000	Office equipment and fittings £'000	Total £'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

INGEUS UK LIMITED
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14 DEFERRED TAX ASSET

The deferred taxation asset is made up as follows:

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	£'000	£'000	£'000	£'000
Balance at beginning of the year	3,140	5,252	2,389	5,252
Deferred tax charge	(1,358)	(2,112)	(1,230)	(2,863)
Balance at end of the year	<u>1,782</u>	<u>3,140</u>	<u>1,159</u>	<u>2,389</u>

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	£'000	£'000	£'000	£'000
Fixed assets	1,721	2,133	1,100	1,382
Short term timing differences	61	2	59	2
Losses	-	947	-	947
Other - provisions	-	58	-	58
	<u>1,782</u>	<u>3,140</u>	<u>1,159</u>	<u>2,389</u>

15 OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	£'000	£'000	£'000	£'000
Other receivables	1,887	-	1,887	-
Prepayments	5,368	-	5,368	-
	<u>7,255</u>	<u>-</u>	<u>7,255</u>	<u>-</u>

16 INVESTMENTS

Company

	30 June 2023	30 June 2022
	£'000	£'000
Cost and carrying amount of directly owned investments		
CNLR Horizons Limited	<u>1,479</u>	<u>1,479</u>
	<u>1,479</u>	<u>1,479</u>

Further details of the company's direct and indirect subsidiaries are disclosed in note 30.

INGEUS UK LIMITED
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17 TRADE AND OTHER RECEIVABLES

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	£'000	£'000	£'000	£'000
Trade receivables	7,866	12,832	7,023	12,393
Other receivables	264	2,605	264	2,597
Amounts owed by group undertakings	67,626	37,380	69,541	40,981
Prepayments	11,399	18,318	11,399	18,290
Accrued income	55,783	55,673	55,674	55,440
	142,938	126,808	143,901	129,701

As at 30 June 2023 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 £17,165,000 (2022: £18,854,000).

Trade receivables are stated after provisions for impairment of £91,000 (2022: £274,000).

For the Company:

Included in amounts owed by group undertakings is impairment recognised on receivables from the Group undertakings totalling £19,075,000 (2022: £21,119,000).

Trade receivables are stated after provisions for impairment of £nil (2022: £55,000).

18 CASH AND CASH EQUIVALENTS

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	£'000	£'000	£'000	£'000
Cash	12,283	23,005	11,063	17,411
	12,283	23,005	11,063	17,411

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19 TRADE AND OTHER PAYABLES – CURRENT

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	£'000	£'000	£'000	Restated ¹ £'000
Trade payables	3,380	5,776	3,357	5,742
Amounts owed to group undertakings	1,733	2,692	10,326	10,405
Other taxes and social security costs	4,054	4,992	4,043	4,987
Other payables	1,837	7,301	1,835	7,294
Accruals	31,161	28,464	31,054	26,707
Deferred income	16,138	31,297	15,464	30,235
	58,303	80,522	66,079	85,370

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

¹Prior year restatements relate to the reclassification of £29,529,000 of current deferred income as non-current.

20 TRADE AND OTHER PAYABLES – NON-CURRENT

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	£'000	£'000	£'000	Restated ¹ £'000
Deferred income	31,732	29,529	31,732	29,529
	31,732	29,529	31,732	29,529

¹Prior year restatements relate to the reclassification of £29,529,000 of current deferred income as non-current.

21 LEASE LIABILITY

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	£'000	£'000	£'000	£'000
Current	5,583	4,987	5,583	4,987
Between one and five years	6,704	12,797	6,704	12,797
	12,287	17,784	12,287	17,784

Assets acquired under lease contracts are secured by the lessor's title to the leased assets. Total cash outflow for the Group is £6,658,000 (2022: £4,878,000). Total cash outflow for the Company is £6,658,000 (2022: £3,759,000).

INGEUS UK LIMITED
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FOR THE YEAR ENDED 30 JUNE 2023

22 PROVISIONS

Group

	Lease dilapid- ations £'000	Other provisions £'000	Total provision £'000
Balance at 1 July 2022	4,767	1,228	5,995
Provisions used in the year	(8)	(138)	(146)
Provisions released in the year	(60)	(733)	(793)
Balance at 30 June 2023	4,699	357	5,056
At 30 June 2023			
Current provisions	395	357	752
Non-current provisions	4,304	-	4,304
	4,699	357	5,056
At 30 June 2022			
Current provisions	445	1,228	1,673
Non-current provisions	4,322	-	4,322
	4,767	1,228	5,995

Company

	Lease dilapid- ations £'000	Other provisions £'000	Total provision £'000
Balance at 1 July 2022	4,623	601	5,224
Provisions used in the year	(8)	-	(8)
Provisions released in the year	(60)	(601)	(661)
Balance at 30 June 2023	4,555	-	4,555
At 30 June 2023			
Current provisions	252	-	252
Non-current provisions	4,303	-	4,303
	4,555	-	4,555
At 30 June 2022			
Current provisions	302	601	903
Non-current provisions	4,321	-	4,321
	4,623	601	5,224

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 provisions

Other provisions relate primarily to onerous 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.

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23 SHARE CAPITAL

	Value per share	Ordinary Shares	
		30 June 2023	30 June 2022
	£	Number	Number
On issue at the beginning of the year	1	34,691,134	34,691,134
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 (2022: £8,000,000).

24 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 2023 and 30 June 2022.

There are no externally imposed restrictions on the Group's capital structure.

(a) Financial assets and financial liabilities

The Group holds the following financial instruments:

Group	Carrying amount		Fair value	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	£'000	£'000	£'000	£'000
Financial assets at amortised cost				
Cash and cash equivalents	12,283	23,005	12,283	23,005
Receivables	77,643	110,722	77,643	110,722
	89,926	133,727	89,926	133,727

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial assets and financial liabilities (continued)

	Carrying amount		Fair value	
	30 June 2023 £'000	30 June 2022 £'000	30 June 2023 £'000	30 June 2022 £'000
Financial liabilities at amortised cost				
Trade and other payables	38,111	77,762	38,111	77,762
Lease liability	12,287	17,784	12,287	17,784
	<u>50,398</u>	<u>95,546</u>	<u>50,398</u>	<u>95,546</u>

Due to the short-term nature of the trade and other payables, their carrying amount is considered to be the same as their fair value. Amounts owed to group undertakings are non-interest bearing.

The fair value of lease liabilities are estimated by discounting future contractual cash flows using either the interest rate implicit in the lease or the Group's incremental cost of borrowing (level 2).

Company	Carrying amount		Fair value	
	30 June 2023 £'000	30 June 2022 £'000	30 June 2023 £'000	30 June 2022 £'000
Financial assets				
Cash and cash equivalents	11,063	17,411	11,063	17,411
Receivables	78,715	114,993	78,715	114,993
	<u>89,778</u>	<u>132,404</u>	<u>89,778</u>	<u>132,404</u>

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Financial liabilities				
Trade and other payables	46,572	53,730	46,572	53,730
Lease Liability	12,287	17,784	12,287	17,784
	<u>58,859</u>	<u>71,514</u>	<u>58,859</u>	<u>71,514</u>

Due to the short-term nature of the trade and other payables, their carrying amount is considered to be the same as their fair value. Amounts owed to group undertakings are non-interest bearing.

The fair value of lease liabilities are estimated by discounting future contractual cash flows using either the interest rate implicit in the lease or the Group's incremental cost of borrowing (level 2).

(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.

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

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 £89,926,000 (2022: £133,727,000) being the total of the carrying amount of financial assets, excluding prepayments, shown in the table above.

The maximum exposure to credit risk for trade receivables at the Statement of Financial Position date was £7,866,000 (2022: £12,832,000).

Credit quality of financial assets and impairment losses

The aging of trade receivables at the Statement of Financial Position date

Group	Gross 30 June 2023 £'000	Impairment 30 June 2023 £'000	Gross 30 June 2022 £'000	Impairment 30 June 2022 £'000
Financial assets				
Not past due	6,740	24	9,423	-
Past due 0 - 30 days	957	9	2,579	19
Past due 31 - 120 days	145	26	875	89
Past 120 days	115	32	229	166
	7,957	91	13,106	274

There was an impairment provision of trade receivables of £91,000 (2022: £274,000) at the year end. Amounts in relation to government contracts have no history of default.

There was an impairment provision of intercompany receivables of £17,165,000 (2022: £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.

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.

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

(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 2023				
	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	38,111	38,111	38,111	-	-
Lease liability	12,287	13,498	6,416	6,137	945
	<u>50,398</u>	<u>51,609</u>	<u>44,527</u>	<u>6,137</u>	<u>945</u>
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
	<u>95,546</u>	<u>98,057</u>	<u>84,530</u>	<u>6,467</u>	<u>7,060</u>

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Liquidity risk (continued)

Company	Year ended 30 June 2023				
	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	46,572	46,572	46,572	-	-
Lease Liability	12,287	13,498	6,416	6,137	945
	58,859	60,070	52,988	6,137	945
	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

(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.

25 SHARE BASED PAYMENTS

In November 2021 the ultimate parent company gifted 970 employees shares at a value of £549,000. 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. There were no share based payments recorded in the year ended 30 June 2023.

INGEUS UK LIMITED
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26 RELATED PARTY TRANSACTIONS

Group

	Transaction value for the year ending		Balance outstanding as at	
	30 June 2023 £'000	30 June 2022 £'000	30 June 2023 £'000	30 June 2022 £'000
Management charges				
Ingeus Europe Limited	341	(574)	(233)	(574)
Serendipity (WA) Pty Limited	840	115	840	-
Transactions on behalf of related party				
Ingeus Europe Limited	147	1,778	6,882	6,735
Advanced Personnel Management Group (UK) Limited	(1,809)	2,636	1,446	3,255
Ingeus PTE. Ltd (Singapore)	3	(4)	29	26
WCG (Canada)	(99)	43	-	99
Ingeus GmbH (Germany)	7	14	23	16
Serendipity (WA) Pty Limited	14,050	(48)	13,431	(619)
Ingeus AG (Switzerland)	(5)	5	-	5
Ingeus SL (Spain)	12	-	12	-
Loans				
Ingeus Europe Limited	-	(1,600)	(1,500)	(1,500)
Advanced Personnel Management Group (UK) Limited	-	(2,500)	10,599	10,599
APM Group Pty Limited	16,029	500	37,529	21,500
Serendipity (WA) Pty Limited	-	14,000	14,000	14,000
Impairment provision	1,689	-	(17,165)	(18,854)
			65,893	34,688
Summary				
Amounts owed by group undertakings (net of impairment) (note 17)			67,626	37,380
Amounts owed to group undertakings – current (note 19)			(1,733)	(2,692)
Net balance owed to group undertakings			65,893	34,688

INGEUS UK LIMITED
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26 RELATED PARTY TRANSACTIONS (CONTINUED)

Company	Transaction value for the year ending		Balance outstanding as at	
	30 June 2023 £'000	30 June 2022 £'000	30 June 2023 £'000	30 June 2022 £'000
Management charges				
Ingeus Europe Limited	341	(574)	(233)	(574)
Serendipity (WA) Pty Limited	840	-	840	-
Transactions on behalf of related party				
ITL Training Limited	-	-	(1,536)	(1,536)
Serendipity (WA) Pty Limited	14,052	(51)	13,430	(622)
Ingeus Europe Limited	147	1,778	2,025	1,878
The Reducing Reoffending Partnership Limited	-	(355)	968	968
The Staffordshire and West Midlands Community Rehabilitation Company Limited	68	(860)	507	439
The Derbyshire, Leicestershire, Nottinghamshire and Rutland Community Rehabilitation Company Limited	479	(589)	892	413
Advanced Personnel Management Group (UK) Limited	(1,811)	2,652	1,599	3,410
Invisage Limited	-	-	1,566	1,566
CNLR Horizons Limited	(3,468)	2,348	(884)	2,584
Ingeus PTE. Ltd (Singapore)	3	(5)	30	27
WCG (Canada)	(99)	43	-	99
Ingeus AG (Switzerland)	(5)	5	-	5
Ingeus GmbH (Germany)	7	16	23	16
Ingeus SL (Spain)	12	-	12	-
			<u>19,239</u>	<u>8,673</u>
Loans				
Ingeus Europe Limited	-	(1,600)	(1,600)	(1,600)
The Staffordshire and West Midlands Community Rehabilitation Company Limited	-	(6,073)	(6,073)	(6,073)
The Reducing Reoffending Partnership Limited	-	-	4,346	4,346
Advanced Personnel Management Group (UK) Limited	-	(2,500)	10,599	10,599
CNLR Horizons Limited	-	-	250	250
APM Group Pty Limited	16,029	500	37,529	21,500
Serendipity (WA) Pty Limited	-	14,000	14,000	14,000
Impairment provision	2,044	-	(19,075)	(21,119)
			<u><u>59,215</u></u>	<u><u>30,576</u></u>

INGEUS UK LIMITED
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26 RELATED PARTY TRANSACTIONS (CONTINUED)

Company	Transaction value for the year ending		Balance outstanding as at	
	30 June 2023 £'000	30 June 2022 £'000	30 June 2023 £'000	30 June 2022 £'000
Summary				
Amounts owed by group undertakings (net of impairment) (note 17)			69,541	40,981
Amounts owed to group undertakings – current (note 19)			(10,326)	(10,405)
Net balance owed to group undertakings			59,215	30,576

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 9.

INGEUS UK LIMITED
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27 NET DEBT RECONCILIATION

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents	12,283	23,005	11,063	17,411
Lease liabilities	(12,287)	(17,784)	(12,287)	(17,784)
Related party borrowings	(1,500)	(1,500)	(7,673)	(7,673)
Net debt	(1,504)	3,721	(8,897)	(8,046)
Group	Cash	Leases	Related parties	Total
	£'000	£'000	£'000	£'000
Net debt at 1 July 2022	23,005	(17,784)	(1,500)	3,721
Financing cash flows	(10,722)	5,344	-	(5,378)
New leases	-	(56)	-	(56)
Lease write off	-	209	-	209
Interest expense	-	(1,314)	-	(1,314)
Interest payments (presented as operating cash flows)	-	1,314	-	1,314
Net debt at 30 June 2023	12,283	(12,287)	(1,500)	(1,504)
Net debt as 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

INGEUS UK LIMITED
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27 NET DEBT RECONCILIATION (CONTINUED)

Company	Cash £'000	Leases £'000	Related parties £'000	Total £'000
Net debt at 1 July 2022	17,411	(17,784)	(7,673)	(8,046)
Financing cash flows	(6,348)	5,344	-	(1,004)
New leases	-	(56)	-	(56)
Lease write off	-	209	-	209
Interest expense	-	(1,314)	-	(1,314)
Interest payments (presented as operating cash flows)	-	1,314	-	1,314
Net debt at 30 June 2023	11,063	(12,287)	(7,673)	(8,897)
Net debt as 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)

28 SECURITY GRANTED OVER CERTAIN MATERIAL ASSETS

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.

29 EVENTS AFTER THE REPORTING DATE

There are no subsequent events after the balance date.

INGEUS UK LIMITED
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30 SUBSIDIARY COMPANIES

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

Name	Country	Ordinary share capital ownership	
		30 June 2023	30 June 2022
		%	%
Invisage Limited ¹	UK	100%	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 ^{1,2}	UK	100%	100%
The Staffordshire and West Midlands Community Rehabilitation Company Limited ^{1,2}	UK	100%	100%
Ability Insight Limited* ¹	UK	100%	100%
CNLR Horizons Limited ¹	UK	100%	100%

* Dormant company

¹ Registered address – Second Floor, 66-68 East Smithfield, Royal Pharmaceutical Building, London, E1W 8AW

² This company is a subsidiary of The Reducing Reoffending Partnership Limited

31 ULTIMATE AND CONTROLLING PARTY

The immediate parent company of Ingeus UK Limited is Ingeus Europe Limited (registered office Second Floor, 66-68 East Smithfield, Royal Pharmaceutical Building, London, E1W 1AW, 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, Australia.