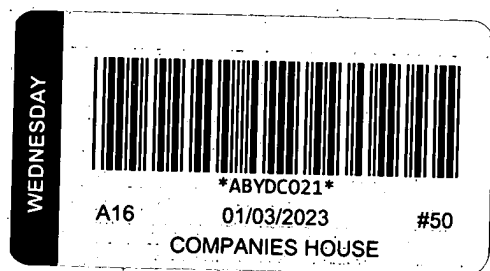


Registration number: 10498997

Practice Plus Group Health and Rehabilitation Services Limited

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



Practice Plus Group Health and Rehabilitation Services Limited
Registration number: 10498997

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Practice Plus Group Health and Rehabilitation Services Limited
Registration number: 10498997

Company Information

Directors	James Easton David Stickland
Company secretary	Lee Gage
Registered office	Hawker House, 5-6 Napier Court, Napier Road, Reading, Berkshire, RG1 8BW
Auditor	KPMG LLP Chartered Accountants 66 Queen Square, Bristol, BS1 4BE

Strategic Report for the Year Ended 30 September 2022

The Directors present the Strategic Report, Directors' Report and Financial Statements for the year ended 30 September 2022.

Principal activity

The principal activity of the Company is the provision of forensic and general healthcare services to offenders, victims of crime and those within the judicial system.

At Practice Plus Group, our vision is to deliver "Access to Excellence". We strive to practice exceptional healthcare every day, growing responsibly so that we can help more people. Our services are chosen and trusted by patients and NHS Commissioners, and are easily available to all. We are driven by innovation and proudly deliver through expert colleagues working together as a team.

Our values are:

- We treat patients and each other as we would like to be treated
- We act with integrity
- We embrace diversity
- We strive to do things better together

Review of the business

The Group is the largest provider of healthcare services to prisons and secure facilities in England, operating at 50 different sites with services ranging from reception health checks and regular GP services, to help with substance misuse, mental health, chronic or long term conditions, podiatry, physiotherapy and optometry. We collaborate with commissioning bodies to assess the needs of each establishment. The Group works towards improved outcomes, reduced waiting times and frontline healthcare for prisoners and detainees.

COVID-19 continued to impact healthcare priorities and prison operations during the first half of the year in particular but we have maintained service levels and strong working relationships across the board.

We have refreshed the Health in Justice strategic plan, with a vision of providing 'high quality, clinically effective and efficient healthcare which empowers people living in secure settings to take their health seriously; improving their health outcomes' and strategic priorities around clinical care, people and governance.

We are working to implement a new operating model, Integrated Care Pathways, across a number of our sites. This re-organises the teams to align with three distinct pathways: Early Days in Custody, supporting patients during their first 10 days at the establishment, Planned Care, ensuring that ongoing healthcare needs are met, and Urgent Care to manage emergencies and acute care.

Growth remains a key part of the strategy and this year two new services were mobilised in HMP Five Wells and Heathrow IRC. In addition to this we are currently mobilising 2 new contracts to go live in October whilst also having a number of our existing contracts either renewed or extended.

Practice Plus Group Health and Rehabilitation Services Limited
Registration number: 10498997

Strategic Report for the Year Ended 30 September 2022 (continued)

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2022	2021
Revenue	£'000	186,370	171,115
Gross profit	%	26	25
Operating profit	%	8	7
Prison population (at year end)	Number	33,678	31,263

Strategic Report for the Year Ended 30 September 2022 (continued)

Principal risks and uncertainties

The Board of Directors has overall responsibility for the Company's approach to assessing and managing risk. The senior leadership team is responsible for implementation of the policies and ensuring compliance. The divisional management teams are responsible for maintaining appropriate control environments. The principal risks faced by the Company are set out below:

Market risk

The main risk faced by the business is the impact of the many challenges facing our primary customer, the NHS, and the political appetite to allow private providers to offer NHS services. The mitigation for this risk is to continually strive to deliver high levels of quality, safety and patient satisfaction.

Regulatory risk

The facilities operated by the Company are regulated by the Care Quality Commission and must comply with relevant standards and legislation. The Company operates stringent clinical quality processes to ensure the safety of our patients which is paramount.

Liquidity risk

The Company has access to a Revolving Credit Facility which is available to manage any working capital requirements. A policy of prudent liquidity risk management is applied with detailed cashflow forecasts prepared on a weekly basis to ensure sufficient liquidity headroom is managed. There are covenants relating to this facility which the Group must adhere to which is managed by careful cashflow planning and monitoring of all compliance deadlines and ensuring a good working relationship with our bankers.

Inflation risk

The UK economy is currently experiencing a period of high inflation which is particularly impacting on the cost of electricity and gas, and is also leading to specific wage inflation pressures. The nature of many of the Company's contracts with customers is such that the impact of inflation is passed back through the contracted revenue price which helps to mitigate the impact.

People risk

The Company relies on its ability to recruit and retain skilled staff in order to provide all of its services. A sector-wide shortage of medical professionals is causing issues for the Company, with vacancies covered by agency staff where necessary. This has an associated cost impact. The Company is working to develop its reputation as an employer of choice and looking at measures to encourage staff retention. In the non-medical arena, staffing also continues to be an issue with the jobs market seeing the legacy impact of COVID-19 and Brexit.

Credit risk

Credit exposures in relation to customers is limited given that the majority of the Company's revenue is attributable to publicly funded entities such as Clinical Commissioning Groups and other NHS funded bodies. The Company has no significant concentrations of credit risk and consequently provision for bad debts is low and is not considered to be a risk.

Strategic Report for the Year Ended 30 September 2022 (continued)

Company employees

The Group is an equal opportunities employer and we welcome applications from every sector of the community. It is our policy that people with disabilities should have full and fair consideration for all vacancies, and where necessary we will make reasonable adjustments to ensure that this happens. During the year, the Group continued to demonstrate commitment to interviewing those people with disabilities who fulfil the minimum criteria, and endeavouring to retain employees in the workforce if they become disabled during employment. We depend on the skills and commitment of our employees to maintain a successful and vibrant organisation. Our training meets not only statutory and mandatory standards, but we also ensure that we cover our customer service objectives and our values programme fulfilling lives.

The Group's selection, training, development and promotion policies ensure equal opportunities for all employees regardless of factors such as gender, marital status, race, age, sexual preference and orientation or ethnic origin. All decisions are based on merit and we believe that to be truly successful we must reflect the diversity of the communities that we serve. Internal communications are designed to ensure that employees are well informed about the business of the Company, and we undertake an annual employee survey to understand the opinions of all our people.

It is Group policy to give fair consideration to the employment needs of disabled people to comply with current legislation with regard to disabled persons and, wherever practicable, to continue to employ and promote the careers of existing employees, who become disabled and to consider disabled persons for employment, subsequent training, career development and promotion on the basis of their aptitude and abilities.

Social and community issues

The main social and community issues faced by the Company include enabling more disadvantaged members to have access to our expertise and to our services, as well as considering how we can have a positive impact on our local social and business community. The ways in which we can achieve this include the following:

- Participating in the Department of Health's initiative to establish primary and other care (GP) services in under-doctored areas e.g. the Equitable Access scheme and urban walk in centres.
- Employee participation in local community help schemes
- Employee participation in national charity fundraising events
- 'Matched Funding - Working in The Community' scheme, whereby every year, hundreds of employees take part in fundraising for their favourite charities.
- 'Give as You Earn' (GAYE) payroll charity donations.
- Annual fund raising events (e.g. the BBC 'Children in Need' appeal).

Strategic Report for the Year Ended 30 September 2022 (continued)

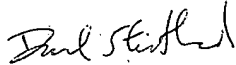
Respect for human rights

We respect human rights and we have a zero tolerance approach to modern slavery. We are committed to acting ethically and with integrity in all our business dealings and relationships. We are also committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains.

Anti-corruption and anti-bribery matters

It is our policy to conduct all of our business in an honest and ethical way. We take a zero tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate.

Approved by the Board on 23 February 2023 and signed on its behalf by:



.....
David Stickland
Director

Directors' Report for the Year Ended 30 September 2022

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

Directors of the Company

The Directors, who held office during the year, were as follows:

James Easton

David Stickland

Dividends

The Company has paid £69.0m as dividends during the year of which £54.2m was non-cash and used to settle the intercompany amounts owed by its parent company (2021: £nil).

Information included in the Strategic Report

The review of business is noted in the Strategic Report.

Political donations

The Company made £nil political donations during the year (2021: £nil) and £nil charitable donations during the year (2021: £nil).

Employment of disabled persons

The Company is an equal opportunities employer and we welcome applications from every sector of the community. It is our policy that people with disabilities should have full and fair consideration for all vacancies, and where necessary we will make reasonable adjustments to ensure that this happens. During the year, the Company continued to demonstrate its commitment to interviewing those people with disabilities who fulfil the minimum criteria, and endeavouring to retain employees in the workforce if they become disabled during employment.

We depend on the skills and commitment of our employees to maintain a successful and vibrant organisation. Our training meets not only statutory and mandatory standards, but we also ensure that we cover our customer service objectives and our values programme fulfilling lives.

Employee involvement

The Company's selection, training, development and promotion policies ensure equal opportunities for all employees regardless of factors such as gender, marital status, race, age, sexual preference and orientation or ethnic origin. All decisions are based on merit and we believe that to be truly successful we must reflect the diversity of the communities that we serve. Internal communications are designed to ensure that employees are well informed about the business of the Group, and we undertake an annual employee survey to understand the opinions of all our people. The Group has an Equality, Diversity and Inclusion steering group to ensure appropriate divisional wide promotion and initiatives are undertaken in relation to Equality, Diversity and Inclusion from both a service delivery and workforce perspective, and also ensure compliance with appropriate legislative and governance frameworks.

Directors' Report for the Year Ended 30 September 2022 (continued)

Environmental matters

The disclosures relating to Streamlined Energy & Carbon reporting have been included in the financial statements of Practice Plus Group Topco Limited for the current and previous year.

Future developments

The Company continues to seek to grow its presence in the health and rehabilitation sector. The main focus of this growth remains prison healthcare contracts but other opportunities are also assessed if they align with our current strengths or can be delivered using existing staff and infrastructure.

Going concern

The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate for the following reasons:

- At 30 September 2022, the Company has positive net current assets and is profitable.
- The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking into account all reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. These cashflows reflect the impact of the refinancing arrangements which have occurred since the 30th September 2022 and which led to the extension of the RCF and the overdraft facilities.
- The Company is not reliant on additional financial support from the Group. However the Company's assets form part of the security arrangements for the Group's debt facilities. The Directors of the Company have also reviewed Group management's cashflow forecasts which includes severe, but plausible downsides from current market inflationary market pressures and do not believe the Group will default on their debt facilities within the forecast period.

Based on the above, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis.

Directors' liabilities

There were qualifying third-party indemnity provisions in place for the benefit of all Directors of the Group during the financial period and as at the date of approval of these financial statements.

Disclosure of information to the Auditor

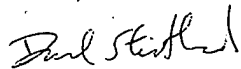
Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the Auditor is unaware.

Directors' Report for the Year Ended 30 September 2022 (continued)

Reappointment of auditors

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 23 February 2023 and signed on its behalf by:



.....
David Stickland
Director
Hawker House,
5-6 Napier Court,
Napier Road,
Reading,
Berkshire,
RG1 8BW

Statement of Directors' Responsibilities in respect of the Strategic Report, Director's report and the Financial Statements

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

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement whether due to fraud or error and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Practice Plus Group Health and Rehabilitation Services Limited

Opinion

We have audited the financial statements of Practice Plus Group Health and Rehabilitation Services Limited (the 'Company') for the year ended 30 September 2022, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including the accounting policies in note 2.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent Auditor's Report to the Members of Practice Plus Group Health and Rehabilitation Services Limited (continued)

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, legal officer and inspection of key papers provided to those charged with governance as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes;
- Using analytical procedures to identify any unusual or unexpected relationships; and
- Obtaining a copy of the Group's fraud register.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment and the changes to the financial regime from the NHS, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk of incentive for revenue to be manipulated into the wrong period around the year end.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by individuals who typically do not make journal entries, journals containing key words and unusual or unexpected account combinations with Revenue and unusual or unexpected account combinations with Cash and Borrowings;
- Sample testing invoices relating to the period prior to and following 30 September 2021 to determine whether income is recognised in the correct accounting period; and
- Assessing significant accounting estimates for bias.

Independent Auditor's Report to the Members of Practice Plus Group Health and Rehabilitation Services Limited (continued)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other members of management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other members of management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: GDPR, Health and safety, employment law, anti-bribery and money laundering and Care Quality Commission regulations recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Members of Practice Plus Group Health and Rehabilitation Services Limited (continued)

Strategic report and Directors' report

The Directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in the Statement of Directors' Responsibilities set out on page 10, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

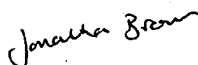
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

**Independent Auditor's Report to the Members of Practice Plus Group Health and
Rehabilitation Services Limited (continued)**

The purpose of our audit work and to whom we owe our responsibilities

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



Jonathan Brown (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square,
Bristol,
BS1 4BE

24 February 2023

Practice Plus Group Health and Rehabilitation Services Limited
Registration number: 10498997

Profit and Loss Account for the Year Ended 30 September 2022

	Note	2022 £ 000	2021 £ 000
Revenue	4	186,370	171,115
Cost of sales		<u>(138,262)</u>	<u>(128,711)</u>
Gross profit		48,108	42,404
Administrative expenses		<u>(32,865)</u>	<u>(30,268)</u>
Operating profit	5	<u>15,243</u>	<u>12,136</u>
Finance income	6	11,226	5,117
Finance costs	7	<u>(37)</u>	<u>(234)</u>
Net finance income		<u>11,189</u>	<u>4,883</u>
Profit before tax		26,432	17,019
Income tax expense	11	<u>(3,278)</u>	<u>(2,913)</u>
Profit for the year		<u><u>23,154</u></u>	<u><u>14,106</u></u>

The notes on pages 20 to 58 form an integral part of these financial statements.

Practice Plus Group Health and Rehabilitation Services Limited
Registration number: 10498997

Statement of Comprehensive Income for the Year Ended 30 September 2022

	Note	2022 £ 000	2021 £ 000
Profit for the year		23,154	14,106
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations (net)	20	<u>96</u>	<u>14</u>
Total comprehensive income for the year		<u><u>23,250</u></u>	<u><u>14,120</u></u>

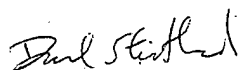
The notes on pages 20 to 58 form an integral part of these financial statements.

Practice Plus Group Health and Rehabilitation Services Limited
Registration number: 10498997

Balance Sheet
As at 30 September 2022

	Note	30 September 2022 £ 000	30 September 2021 £ 000
Fixed assets			
Intangible assets	12	913	319
Tangible assets	13	1,925	770
Right of use assets	14	51	63
		<u>2,889</u>	<u>1,152</u>
Current assets			
Debtors	16	34,393	84,332
Cash at bank and in hand	17	12,436	8,980
		46,829	93,312
Creditors: Amounts falling due within one year	18	(39,256)	(41,949)
Net current assets		<u>7,573</u>	<u>51,363</u>
Total assets less current liabilities		10,462	52,515
Creditors: Amounts falling due after more than one year		(10)	(35)
Provisions for liabilities	19, 11	(3,806)	-
Net assets excluding pension liability		6,646	52,480
Net pension liability	20	(317)	(401)
Net assets		<u>6,329</u>	<u>52,079</u>
Capital and reserves			
Called up share capital	21	-	-
Profit and loss account		6,329	52,079
Shareholders' funds		<u>6,329</u>	<u>52,079</u>

Approved by the Board on 23 February 2023 and signed on its behalf by:



.....
David Stickland
Director

The notes on pages 20 to 58 form an integral part of these financial statements.

Practice Plus Group Health and Rehabilitation Services Limited
Registration number: 10498997

Statement of Changes in Equity for the Year Ended 30 September 2022

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 October 2020 restated	-	37,959	37,959
Profit for the year	-	14,106	14,106
Other comprehensive income	-	14	14
Total comprehensive income	-	14,120	14,120
At 30 September 2021	-	52,079	52,079
	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 October 2021 restated	-	52,079	52,079
Profit for the year	-	23,154	23,154
Other comprehensive income	-	96	96
Total comprehensive income	-	23,250	23,250
Dividends	-	(69,000)	(69,000)
At 30 September 2022	-	6,329	6,329

The notes on pages 20 to 58 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 30 September 2022

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

The address of its registered office is:

Hawker House,
5-6 Napier Court,
Napier Road,
Reading,
Berkshire,
RG1 8BW

These financial statements were authorised for issue by the Board on 23 February 2023.

2 Accounting policies

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that, as disclosed in the accounting policies, certain items are shown at fair value.

Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 relating to the following disclosures:

- The requirements of IAS 7 Statement of Cash Flows;
- Certain disclosures relating to revenue under IFRS 15 Revenue from Contracts with Customers
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- The requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such member;
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of: paragraph 79(a)(iv) of IAS 1 relating to reconciliation of shares; paragraph 73(e) of IAS 16 Property, Plant and Equipment and paragraph 118(e) of IAS 38 Intangible Assets;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors relating to the assessment of the impact of new IFRS.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

2 Accounting policies (continued)

As the consolidated financial statements of the parent company, Practice Plus Group Topco Limited, include the equivalent disclosures, the Company has also taken the exemptions available under FRS101 relating to the following disclosures:

- Certain disclosures relating to impairment relating to IAS 36 Impairment of assets.
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Summary of significant accounting policies and key accounting estimates

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

Going concern

The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate for the following reasons:

- At 30 September 2022, the Company has positive net current assets and is profitable.
- The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking into account all reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. These cashflows reflects the impact of the refinancing arrangements which have occurred since the 30th September 2022 and which led to the extension of the RCF and the overdraft facilities.
- The Company is not reliant on additional financial support from the Group. However the Company's assets form part of the security arrangements for the Group's debt facilities. The Directors of the Company have also reviewed Group management's cashflow forecasts which includes severe but plausible downsides from current market inflationary market pressures and do not believe the Group will default on their debt facilities within the forecast period.

Based on the above, the Directors believe it remains appropriate to prepare the financial statements on a going concern basis.

Exemption from preparing group accounts

The financial statements contain information about Practice Plus Group Health and Rehabilitation Services Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Practice Plus Group Topco Limited, incorporated in the United Kingdom, a company incorporated in United Kingdom.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

2 Accounting policies (continued)

Revenue recognition

Recognition

The Company earns revenue from the provision of services. The revenue recognition policy is to recognise revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

2 Accounting policies (continued)

Fee arrangements

Below are details of fee arrangements and how these are measured and recognised, for revenue from the provision of services:

- For fixed fee arrangements from services revenue is recognised based on the stage of completion and performance obligations met for actual services provided. For single services delivered at a point in time, revenue is recognised when the service is provided, such as a hip replacement procedure. For services which are provided over a period of time such as three year contracts to provide health services in a prison, revenue is recognised on a straight line basis over the period of the contract.

The main performance obligations in contracts consist of either a distinct service that the entity has promised to deliver, or a series of distinct services. Whether services are distinct is determined based on whether the customer can benefit from the service on its own and whether the promise to transfer the benefit is separately identifiable from the other promises in a contract. Performance obligations satisfied at a point in time are measured upon delivery of the service.

Transaction price

The transaction price needs to consider variable consideration, whether there is a financing component, whether the proceeds are considered to be recoverable and whether there is any non-cash consideration or consideration payable to a customer.

Variable consideration is estimated using either expected value based on a range of possible outcomes, or the most likely amount based on two possible outcomes. Variable consideration is subject to the revenue constraint i.e. variable consideration is only recognised to the extent that it is highly probable that it will not reverse, when experience and external factors are taken into account.

The transaction price is allocated to performance obligations based on either an observable price or an estimated price which is based on either an adjusted market assessment approach, expected cost plus a margin or residual approach.

Principal versus agent

The Company has arrangements whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods and services to the customer. The Company acts as a principal if it controls a promised good or service before transferring that good or service to the customer. The Company is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably the discretion the Group has in establishing the price for the specified good or service and whether the Group is primarily responsible for fulfilling the promise to deliver the service or good.

This assessment of control requires judgement in particular in relation to certain service contracts. An example, is the provision of prison health care services where the group may be assessed to be agent or principal dependent upon the facts and circumstances of the arrangement and the nature of the services being delivered.

Where the Company is acting as a principal, revenue is recorded on a gross basis. Where the Company is acting as an agent revenue is recorded at a net amount reflecting the margin earned.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

2 Accounting policies (continued)

Contract modifications

The Company's contracts are often amended for changes in contract specifications and requirements. Contract modification exists when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the company's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

- a. Prospectively as an additional separate contract;
- b. Prospectively as a termination of the existing contract and creation of a new contract;
- c. As part of the original contract using a cumulative catch up; or
- d. As a combination of b) and c).

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes. Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price.

Contract assets and receivables

Where goods or services are transferred to the customer before the customer pays consideration, or before payment is due, accrued income is recognised. Accrued income is included in the statement of financial position and represents the right to consideration for products delivered.

Accrued income and trade receivables (loans and advances) are recognised in the statement of financial position when the Company's right to consideration becomes unconditional.

Accrued income & receivables (loans and advances) are classified as current or non-current based on the company's normal operating cycle and are assessed for impairment at each reporting date.

Contract liabilities

Contract liabilities and customer deposits are recognised in the statement of financial position when the company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration.

Net basis of measurement of contract balances

Contract asset and contract liability positions are determined for each contract on a net basis. This is because the rights and obligations within each contract are considered inter-dependent. Where two contracts are with the same or related entities, an assessment is made of whether contract assets and liabilities are inter-dependent and if so, contract balances are reported net.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

2 Accounting policies (continued)

Capitalisation of costs to obtain or fulfil a contract

The incremental costs of obtaining and fulfilling a contract with a customer are recognised as an asset if they are expected to be recovered. These include costs of obtaining a contract such as bid success fees and legal fees to draft the contract, as well as costs to fulfil a contract, known as mobilisation costs such as costs of setting up governance framework, implementation workstreams and IT support. Judgement is applied when determining what costs qualify to be capitalised in particular when considering whether these costs are incremental and whether these are expected to be recoverable. Costs are only capitalised after a contract has been successfully procured, prior to the commencement of the contract.

Costs to obtain and to fulfil a contract are included in the statement of financial position as a separate class of assets within intangible assets.

These assets are subsequently charged to the income statement over the expected contract period. The amortisation charge is included in the income statement in cost of sales.

Impairment of contract related balances

At each reporting date, the Company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Government grants

Government grants relating to income are included within creditors in the balance sheet and credited to the profit and loss account on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented separately under the heading Other income.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

2 Accounting policies (continued)

Finance income and costs policy

Financing expenses include interest payable, finance charges on lease liabilities recognised in profit or loss using the effective interest method and unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Financing income comprise interest receivable on funds invested, dividend income, interest income on lease receivables and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class

Assets under construction

Buildings

Depreciation method and rate

No depreciation charged until asset is ready for use

In line with the lease on the property

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

2 Accounting policies (continued)

IT equipment	Straight line: 33% on cost
Furniture, Fittings & Equipment	Straight line: 3 to 5 years

Intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

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

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Costs incurred in fulfilling contract	Straight line over contract term - generally 3 years
Software	3 years

Investments

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

2 Accounting policies (continued)

Leases (Lessor accounting)

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are [presented separately as non-operating /included in finance cost] in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

2 Accounting policies (continued)

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

2 Accounting policies (continued)

Sub leases

If an underlying asset is re-leased by the company to a third party and the company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

After classification lessor accounting is applied to the sublease.

Impairment of non-financial assets

The carrying amounts of non-financial 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 when the annual budget is prepared.

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 the purpose of 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"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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 profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods 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.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

2 Accounting policies (continued)

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding tangible assets, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

2 Accounting policies (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

2 Accounting policies (continued)

Derecognition

Financial assets

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability.

The company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When the company derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

(a) The carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised.

(b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;

(c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined

(d) The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

2 Accounting policies (continued)

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Financial liabilities

If the terms of a financial liabilities are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

2 Accounting policies (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

The company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- Financial assets that are debt instruments
- Accounts and other receivables
- Financial guarantee contracts issued; and
- Loan commitments issued.

The company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the company recognises the lifetime ECL.

The company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

The company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

2 Accounting policies (continued)

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the company on terms that the company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the company, or economic conditions that correlate with defaults in the company.

For trade receivables, the company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 30 September 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenue and expenses during the period then ended. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates. Estimates are used in accounting for allowances for uncollectible receivables, depreciation, amortisation and impairment, pensions, taxes, provisions, and contingencies. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the Financial Statements in the period that an adjustment is determined to be required.

Management regularly discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. Significant accounting judgements in applying the Group's accounting policies have been applied by the Group in order to prepare the consolidated financial statements with respect to the value of tangible assets, intangible assets including goodwill, provisions, and pensions, and are described below.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)**3 Critical accounting judgements and key sources of estimation uncertainty (continued)****Provisions**

Company provides for death in custody provision to the extent that the unavoidable costs of fulfilling the obligation related to inquest. The calculation of the provision requires an estimate of the future cash outflows expected to arise from the process and includes claims, legal costs and compensation.

Defined benefit pension plans

The defined benefit pension deficits are calculated by independent qualified actuaries using actual payroll data and actuarial assumptions to model the future costs and expected benefits. These assumptions cover discount rate, life expectancy, mortality, inflation, and expected retirement age. These assumptions are updated on an annual basis and change with current market data which may necessitate material adjustments to this liability in the future. Details of the principal actuarial assumptions used in calculating the recognised liability for the defined benefit plans are given in the post employment benefits note.

4 Turnover

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2022 £'000	2021 £ 000
Rendering of services	<u>186,370</u>	<u>171,115</u>

All turnover arises in the United Kingdom.

Contract assets arise where goods or services are transferred to the customer before the customer pays consideration, or before payment is due. Contract receivables (loans and advances) represent our unconditional right to consideration for the goods or services supplied and performance obligations delivered. Contract liabilities (deposits from customers) relate to consideration received when we still have an obligation to deliver goods or services for that consideration.

Current assets and liabilities

	30 September 2022 £ 000	30 September 2021 £ 000
Accrued income	2,801	2,118
Deferred income	<u>(7,546)</u>	<u>(8,897)</u>
Net unbilled contract liabilities	<u>(4,745)</u>	<u>(6,779)</u>

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

4 Turnover (continued)

Reconciliation of accrued income

	2022	2021
	£ 000	£ 000
Accrued income at 1 October	2,118	538
Work performed	2,323	2,031
Billed	<u>(1,640)</u>	<u>(451)</u>
Accrued income at 30 September	<u><u>2,801</u></u>	<u><u>2,118</u></u>

Reconciliation of deferred income

	2022	2021
	£ 000	£ 000
Deferred income at 1 October	(8,897)	(6,076)
Recognised in P&L	4,619	2,242
Cash received	<u>(3,268)</u>	<u>(5,063)</u>
Deferred income at 30 September	<u><u>(7,546)</u></u>	<u><u>(8,897)</u></u>

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

4 Turnover (continued)

Breakdown of contracted revenue

	2022	2021
	£ 000	£ 000
Contracted revenue < 1yr	174	170
Contracted revenue 2 -5 years	437	219
Contracted revenue > 5 yrs	<u>142</u>	<u>24</u>
Contracted revenue	<u><u>753</u></u>	<u><u>413</u></u>

5 Operating profit

Arrived at after charging

	2022	2021
	£ 000	£ 000
Depreciation expense	305	319
Depreciation on right of use assets - Property	30	31
Amortisation expense	<u><u>166</u></u>	<u><u>193</u></u>

Practice Plus Group Health and Rehabilitation Services Limited
Registration number: 10498997

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

6 Interest receivable and similar income

	2022	2021
	£ 000	£ 000
Dividend income	6,118	-
Other finance income	39	-
Interest received on loan to Group undertakings	5,069	5,117
	<u>11,226</u>	<u>5,117</u>

7 Interest payable and similar expenses

	2022	2021
	£ 000	£ 000
Interest expense on other financing liabilities	-	225
Other finance costs	35	6
Interest expense on leases - Other	2	3
	<u>37</u>	<u>234</u>

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

8 Staff costs and numbers

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2022	2021
	£ 000	£ 000
Wages and salaries	64,492	56,974
Social security costs	7,296	6,093
Redundancy costs	110	75
Pension and other post-employment benefit costs	2,609	2,555
	<u>74,507</u>	<u>65,697</u>

The average number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Administration and support	476	420
Medical and support	1,976	1,716
	<u>2,452</u>	<u>2,136</u>

9 Directors' remuneration

The Directors received £nil emoluments during the financial year ended 30 September 2022 for their services to the Company (2021: £nil).

The emoluments of J Easton and D Stickland for services to the Practice Plus Group are paid by and disclosed within the accounts of Practice Plus Group Holdings Limited. The proportion attributable to their services to the Company has been calculated as £403k (2021: £438k) based on the Company's share of Group turnover.

Details of the highest paid Director in the Group is as below:

	2022	2021
	£ 000	£ 000
Remuneration	566	617

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

10 Auditors' remuneration

	2022 £ 000	2021 £ 000
Audit of the financial statements	<u>91</u>	<u>74</u>

11 Income tax

Tax charged in the profit and loss account

	2022 £ 000	2021 £ 000
Current taxation		
Corporation tax relating to the current year	3,218	2,877
Corporation tax relating to the prior year	<u>(311)</u>	<u>32</u>
	<u>2,907</u>	<u>2,909</u>

Deferred taxation

Deferred tax relating to the current year	344	44
Deferred tax relating to rate change	44	(27)
Deferred tax relating to the prior year	<u>(17)</u>	<u>(13)</u>
Total deferred taxation	<u>371</u>	<u>4</u>
Tax expense in the profit and loss account	<u>3,278</u>	<u>2,913</u>

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)**11 Income tax (continued)**

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	26,432	17,019
Corporation tax at standard rate of 19% (2021: 19%)	5,022	3,234
(Decrease)/increase in current tax from adjustment for prior periods	(311)	32
Decrease from effect of capital allowances depreciation	(102)	(10)
Increase from effect of revenues exempt from taxation	(1,162)	-
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	157	16
Decrease arising from group relief tax reconciliation	(355)	(322)
Deferred tax credit from unrecognised temporary difference from a prior period	(17)	(13)
Deferred tax expense/(credit) relating to changes in tax rates or laws	46	(24)
Total tax charge	3,278	2,913

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)**11 Income tax (continued)**

Amounts recognised in other comprehensive income

	Before tax £ 000	2022 Tax (expense) benefit £ 000	Net of tax £ 000	Before tax £ 000	2021 Tax (expense) benefit £ 000	Net of tax £ 000
Remeasurements of post employment benefit obligations (net)	93	3	96	17	(3)	14

The deferred tax assets and liabilities at 30 September 2022 have been calculated based on the rate of 19% which was substantively enacted at that date (2021: 19%).

In the Spring Budget 2021, the UK Government announced that from 1 April 2023, the corporation tax rate would increase from 19% to 25%. This new rate was substantively enacted in the Finance Bill 2021 and received Royal Assent on 10 June 2021. The deferred tax assets and liabilities at 30 September 2022 have been calculated using the appropriate tax rate based on when the underlying balance is expected to crystallise. For the majority of deferred tax balances, a rate of 25% has been used and reflected in these financial statements (2021:19%). The deferred tax liability in respect of intangible assets has been calculated at the rate it is expected to crystallise which gives rise to an effective rate of 24.7% (2021:24.1%) and IFRS 9 financial asset spreading has been recognised in full at the 25% rate.

Deferred tax

Deferred tax assets and liabilities

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2022			
Accelerated tax depreciation	-	236	(236)
Pension benefit obligations	79	-	79
Other items	54	-	54
Transition adjustments arising from first time adoption	89	-	89
	222	236	(14)

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

11 Income tax (continued)

2021	Asset £ 000
Accelerated tax depreciation	130
Pension benefit obligations	76
Other items	46
Transition adjustments arising from first time adoption	101
	<u>353</u>

Deferred tax movement during the year:

	At 1 October 2021 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 30 September 2022 £ 000
Accelerated tax depreciation	130	(366)	-	(236)
Pension benefit obligations	76	-	3	79
Other items	46	8	-	54
Transition adjustments arising from first time adoption	101	(12)	-	89
Net tax assets/(liabilities)	<u>353</u>	<u>(370)</u>	<u>3</u>	<u>(14)</u>

Deferred tax movement during the prior year:

	At 1 October 2020 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 30 September 2021 £ 000
Accelerated tax depreciation	157	(27)	-	130
Pension benefit obligations	78	(5)	3	76
Other items	39	7	-	46
Transition adjustments arising from first time adoption	87	14	-	101
Net tax assets/(liabilities)	<u>361</u>	<u>(11)</u>	<u>3</u>	<u>353</u>

There were no unrecognised deferred tax assets (2021: £nil).

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

12 Intangible assets

	Costs incurred in fulfilling contracts £ 000	Software £ 000	Total £ 000
Cost or valuation			
At 1 October 2021	831	280	1,111
Additions	754	6	760
At 30 September 2022	1,585	286	1,871
Amortisation			
At 1 October 2021	(611)	(181)	(792)
Amortisation charge	-	(37)	(37)
Amortisation eliminated on disposals	(129)	-	(129)
At 30 September 2022	(740)	(218)	(958)
Carrying amount			
At 30 September 2022	845	68	913
At 30 September 2021	220	99	319

Amortisation of intangible assets is included within cost of sales.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

13 Tangible assets

	Buildings £ 000	Furniture, fittings and equipment £ 000	Assets under construction £ 000	IT equipment £ 000	Total £ 000
Cost or valuation					
At 1 October 2021	6	1,347	226	801	2,380
Additions	-	338	943	179	1,460
At 30 September 2022	6	1,685	1,169	980	3,840
Depreciation					
At 1 October 2021	(6)	(955)	-	(649)	(1,610)
Charge for the year	-	(183)	-	(122)	(305)
At 30 September 2022	(6)	(1,138)	-	(771)	(1,915)
Carrying amount					
At 30 September 2022	-	547	1,169	209	1,925
At 30 September 2021	-	392	226	152	770

At the 30th September 2022, the Company had no committed capital expenditure (2021: £551k).

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

14 Right of use assets

	Property £ 000
Cost or valuation	
At 1 October 2020	125
At 30 September 2021	125
At 1 October 2021	125
Additions	18
At 30 September 2022	143
Depreciation	
At 1 October 2020	(31)
Charge for year	(31)
At 30 September 2021	(62)
At 1 October 2021	(62)
Charge for the year	(30)
At 30 September 2022	(92)
Carrying amount	
At 30 September 2022	51
At 30 September 2021	63

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

15 Investments

Subsidiaries

£ 000

Cost or valuation

At 1 October 2020 2,623

At 30 September 2021 2,623

At 30 September 2022 -

Provision

At 1 October 2020 (2,623)

At 30 September 2021 (2,623)

At 30 September 2022 -

Carrying amount

At 30 September 2022 -

At 30 September 2021 -

At 1 October 2020 -

Details of the subsidiaries as at 30 September 2022 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2022	2021
Practice Plus Group H4H Limited (formerly Care UK (H4H) Limited)*	Struck off 2022	in United Kingdom		0%	100%
Practice Plus Group Limited (formerly Care UK Practices Limited)*	Struck off 2022	in United Kingdom		0%	100%
Practice Plus Pharmacy Services Limited (formerly Care UK Pharmacy Services Limited)*	Pharmacy services	United Kingdom		100%	100%

* indicates direct investment of Practice Plus Group Health & Rehabilitation Services Limited

All subsidiaries listed above have their registered office at Hawker House, 5-6 Napier Court, Napier Road, Reading, Berkshire, RG1 8BW

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

16 Trade and other debtors

	30 September 2022 £ 000	30 September 2021 £ 000
Trade debtors	2,853	4,201
Amounts owed by Group undertakings	27,320	75,999
Provision against intercompany debt	(633)	(672)
Accrued income	2,801	2,118
Prepayments	402	368
Other debtors	681	681
Deferred tax asset	-	353
Income tax asset	969	1,284
	<u>34,393</u>	<u>84,332</u>

The amounts owed by Group undertakings generally bear interest at the annual fixed rate of 7.5%, charged monthly on the previous quarter end balance. The loan is unsecured and the amounts advanced are repayable in full on demand.

17 Cash at bank and in hand

	30 September 2022 £ 000	30 September 2021 £ 000
Cash at bank	<u>12,436</u>	<u>8,980</u>

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

18 Trade and other creditors

	30 September 2022 £ 000	30 September 2021 £ 000
Trade creditors	10,356	8,249
Accruals	18,459	22,317
Tax and social security	1,745	1,870
Other creditors	1,072	585
Current portion of long term lease liabilities	78	31
Contracts	7,546	8,897
	<u>39,256</u>	<u>41,949</u>

The Company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk review note.

19 Provisions

	Death In Custody Provision £ 000	Deferred tax Provision £ 000	Total £ 000
At 1 October 2021	-	(353)	(353)
Additional provisions	<u>3,792</u>	<u>367</u>	<u>4,159</u>
At 30 September 2022	<u>3,792</u>	<u>14</u>	<u>3,806</u>
Non-current liabilities	<u>2,071</u>	<u>14</u>	<u>2,085</u>
Current liabilities	<u>1,721</u>	<u>-</u>	<u>1,721</u>

Death in custody provision has been reclassified from accruals to provisions during the year to reflect the uncertainty around the quantum and timing of the expected cashflows. The provision covers the costs that we expect to incur through an inquest process, typically legal representation in court and advice beforehand, and costs relating to claims raised against us, which again will include legal advice & presentation but also potential compensation due to claimants if cases go against us.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)**20 Pension and other schemes****Defined benefit pension schemes**

The Health & Rehabilitation services section of the Federated Pension Plan has 26 past employees.

The pension plan is subject to the funding regulations which came into force on 30 December 2025, outlined in the Pensions Act 2004. This, together with documents issued by the Pensions Regulator and Guidance Notes adopted by the Financial Reporting Council, sets out the framework for funding defined benefit occupational pension plans in the UK.

There was a bulk transfer out of a single member which has been allowed for as a settlement during the prior period. Contributions payable to the pension scheme at the end of the year are £Nil (2021 - £Nil).

The expected contributions to the plan for the next reporting period are £Nil.

The scheme was most recently valued on 5 April 2019. The scheme showed a surplus of £145k.

Risks***Reconciliation of scheme assets and liabilities to assets and liabilities recognised***

The amounts recognised in the statement of financial position are as follows:

	30 September 2022 £ 000	30 September 2021 £ 000
Fair value of scheme assets	1,499	2,380
Present value of scheme liabilities	<u>(1,816)</u>	<u>(2,781)</u>
Defined benefit pension scheme deficit	<u>(317)</u>	<u>(401)</u>

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

20 Pension and other schemes (continued)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	30 September 2022 £ 000	30 September 2021 £ 000
Fair value at start of year	2,380	2,333
Interest income	47	39
Return on plan assets excluding amounts in interest income	(910)	93
Employer contributions	41	52
Contributions by scheme participants	3	6
Benefits paid	(35)	(50)
Assets distributed on settlements	-	(93)
Administrative expenses paid	(27)	-
Fair value at end of year	<u>1,499</u>	<u>2,380</u>

Analysis of assets

The major categories of scheme assets are as follows:

	30 September 2022 £ 000	30 September 2021 £ 000
Cash and cash equivalents	21	14
Equity instruments	1,005	1,703
Debt instruments	473	663
	<u>1,499</u>	<u>2,380</u>

Actual return on scheme's assets

	30 September 2022 £ 000	30 September 2021 £ 000
Actual return on scheme assets	<u>(863)</u>	<u>132</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

20 Pension and other schemes (continued)

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	30 September 2022 £ 000	30 September 2021 £ 000
Present value at start of year	2,781	2,745
Current service cost	15	55
Actuarial gains and losses arising from changes in demographic assumptions	(3)	(4)
Actuarial gains and losses arising from changes in financial assumptions	(1,169)	116
Actuarial gains and losses arising from experience adjustments	169	(36)
Interest cost	55	45
Benefits paid	(35)	(50)
Contributions by scheme participants	3	6
Liabilities extinguished on settlements	-	(99)
Effect of curtailments	-	3
Present value at end of year	<u>1,816</u>	<u>2,781</u>

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	30 September 2022 %	30 September 2021 %
Mortality rate	5.00	3.00
Proportion of employees opting for early retirement	2.00	2.00
Discount rate	5.00	3.00
Future salary increases	3.00	3.00
Future pension increases	<u>4.00</u>	<u>4.00</u>

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

20 Pension and other schemes (continued)

Post retirement mortality assumptions

	30 September 2022 Years	30 September 2021 Years
Current UK pensioners at retirement age - male	85.70	85.70
Current UK pensioners at retirement age - female	88.30	88.30
Future UK pensioners at retirement age - male	87.20	87.20
Future UK pensioners at retirement age - female	89.80	89.80

Amounts recognised in the income statement

	30 September 2022 £ 000	30 September 2021 £ 000
Amounts recognised in operating profit		
Current service cost	15	31
Past service cost	-	(3)
Administrative expenses paid	27	24
Recognised in arriving at operating profit	42	52
Amounts recognised in finance income or costs		
Net interest	8	6
Total recognised in the income statement	50	58

Amounts taken to the Statement of Comprehensive Income

	30 September 2022 £ 000	30 September 2021 £ 000
Actuarial gains and losses arising from changes in demographic assumptions	(3)	-
Actuarial gains and losses arising from changes in financial assumptions	(1,169)	(116)
Actuarial gains and losses arising from experience adjustments	169	36
Return on plan assets, excluding amounts included in interest income/(expense)	910	93
Amounts recognised in the Statement of Comprehensive Income	(93)	13

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

21 Share capital

Allotted, called up and fully paid shares

	30 September 2022		30 September 2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

22 Leases

Leases included in creditors

	30 September 2022 £ 000	30 September 2021 £ 000
Current portion of long term lease liabilities	78	31
Long term lease liabilities	<u>10</u>	<u>35</u>

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	30 September 2022 £ 000	30 September 2021 £ 000
Less than one year	80	33
2 years	11	26
3 years	-	9
Impact of discounting	<u>(3)</u>	<u>(2)</u>
Total lease liabilities	<u>88</u>	<u>66</u>

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	30 September 2022 £ 000	30 September 2021 £ 000
Payment		
Right of use assets	<u>30</u>	<u>24</u>

Amounts taken to income statement related to leases are presented in the table below:

	30 September 2022 £ 000	30 September 2021 £ 000
Amounts included in profit or loss:		
Rent	(35)	(38)
Depreciation - Right of use asset	31	31
Unwinding of discount	<u>2</u>	<u>3</u>
Total charge	<u>(2)</u>	<u>(4)</u>

Notes to the Financial Statements for the Year Ended 30 September 2022 (continued)

23 Contingent liabilities

In the event that the Group fails to comply with covenants in the Revolving Credit Facility, then the assets of the Company could be surrendered to the Lenders in settlement of any liabilities unpaid. At 30 September 2022, there is a nil balance outstanding to Lenders.

24 Parent and ultimate parent undertaking

The ultimate controlling party is BEP IV (Nominees) Limited, the nominee vehicle for Bridgepoint Europe Portfolio IV LP. The ultimate parent company for BEP IV (Nominees) Limited is Bridgepoint Group Limited. Other than Atlantic Investments Holdings Limited, no person has a 25% interest or more in Bridgepoint Group Limited. No individual has a 10% interest or more in Atlantic Investments Holdings Limited.

The Company's immediate parent is Practice Plus Group Holdings Limited, incorporated in the United Kingdom.

The ultimate parent is Practice Plus Group Topco Limited, incorporated in the United Kingdom.

The largest Group in which these results are consolidated is Practice Plus Group Topco Limited. The smallest Group in which these results are consolidated is Practice Plus Group Bidco Limited. These financial statements are available upon request from:

Hawker House,
5-6 Napier Court,
Napier Road,
Reading,
Berkshire,
RG1 8BW

25 Non adjusting events after the financial period

On 2nd November 2022, the Group signed a new Senior Facilities Agreement for £120m. This comprises two tranches- a £100m Term Loan B, repayable on 18th November 2029; and a £20m Revolving Credit Facility("RCF"), repayable on 18th May 2029. The Term Loan of £100m was drawn in full on 18th November 2022 and bears interest at a rate of SONIA +6.5%. £5m of the RCF has been scoped as an overdraft facility, with the remaining £15m available for RCF drawdowns. The RCF bears interest at SONIA +3.75%. The Group has repaid the £66.7m of Loan notes and accrued interest and paid a dividend of £53.3m to its shareholder.