Registration number: 12250218

Practice Plus Group Topco Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 30 September 2021

Practice Plus Group Topco Limited
Registered number:12250218

Contents

Company Information

Chairman	Michael Parish
Directors	James Easton David Stickland Philip Whitecross Jamie Wyatt Robert Moores
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 2021

The Directors present their Strategic Report, Directors' Report and Financial Statements for the year ended 30 September 2021.

Our Group
The standalone Practice Plus Group was formed on 25th October 2019 when Care UK Limited sold its shares in Practice Plus Group Holdings Limited (formerly Care UK Healthcare Holdings Limited) to Practice Plus Group Bidco Limited (formerly Care UK Health Care Bidco Limited). The Group was previously known as Care UK Healthcare until the rebrand which took effect from 1st October 2020. Today our healthcare services include hospitals and surgical centres, GP practices, NHS walk-in centres, GP out-of-hours, prison health services and clinical assessment and diagnostics facilities.

We work with the NHS to take healthcare services closer to where people live and work - increasing the efficiency and quality of the services we deliver and helping to reduce waiting times.

We assess, diagnose and treat more than one million NHS patients every year, providing services which are free at the point of use.

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

Principal activity
The principal activity of the Group is is the provision of healthcare services, principally to the public sector with an increased private sector offering in the field of elective surgery.

Strategic Report for the Year Ended 30 September 2021 (continued)

Review of the business

The Group has decided to change its financial reporting framework for this year and these financial statements have been prepared under International Financial Reporting Standards. All comparative information has been restated.

The Group has had a strong performance this year in its core service lines despite the operational challenges that the COVID-19 pandemic has continued to create. Financial KPIs relating to the prior period cover the period from 25th October 2019 to 30th September 2020 as the 25th October 2019 was when the Group acquired its trading activities. The table below shows the key performance indicators for the Group's services for the year:

	Revenue	
	30 September 2021 £ 000	**30 September 2020 £ 000**
Secondary Care	161,118	130,537
Health in Justice	171,124	143,590
Integrated Urgent Care	79,076	69,573
Elimination	(425)	(200)
	410,893	343,500

EBITDA is the Group's key profitability metric. It is the operating profit/(loss) for the period, adjusted for non-recurring items, depreciation, amortisation and any impairment. A full description of EBITDA can be found within the accounting policies.

	EBITDA	
	30 September 2021 £ 000	**(Restated) 30 September 2020 £ 000**
Secondary Care	24,933	19,176
Health in Justice	16,112	15,208
Integrated Urgent Care	7,546	1,948
Central Services	(5,728)	(5,387)
	42,863	30,945

Strategic Report for the Year Ended 30 September 2021 (continued)

The table below shows a reconciliation of EBITDA which is the Group's key profitability measure, to the Operating profit/(loss) which is disclosed on the face of the Income Statement.

		Group Operating Profit	
	Note	30 September 2021 £ 000	(Restated) 30 September 2020 £ 000
EBITDA		42,863	30,945
Non-recurring items	5	(1,285)	(3,110)
Depreciation	13, 14	(13,380)	(12,961)
Amortisation	12	(8,348)	(9,485)
Impairment	12, 13	8,305	(18,576)
Operating profit/(loss)		28,155	(13,187)

The increase in Group Operating profit/(loss) against the prior period is predominantly impacted by the difference in impairment costs year on year which is a non-cash, accounting adjustment. In the prior period, the Group recognised an impairment charge of £18,576k, compared to a reversal of impairment costs of £8,305k in the current year. This swing of £26,881k is the key driver in the movement in Operating profit/(loss).

Secondary Care

In partnership with local NHS trusts and Clinical Commissioning Groups, the Secondary Care service operates 6 hospitals, 3 surgical centres, 2 county-wide multi-location musculoskeletal services, 2 Urgent Treatment Centres (providing direct walk in access for the assessment and treatment of injury and illness on a no appointment basis, or with patients being referred via the 111 service) and delivers ophthalmology services throughout England. Our hospitals, surgical centres and clinics provide prompt assessment, diagnosis and treatment to over 80,000 NHS patients in a normal year. They offer a range of diagnostic, as well as inpatient and outpatient services for patients who need surgical treatment or physiotherapy. The hospitals and surgical centres cover a range of specialties, including orthopaedics, endoscopy, ophthalmology, urology, gynaecology, oral and general surgery. Most centres also offer diagnostic imaging, such as X-rays and MRI, CT and Ultrasound scans.

The COVID-19 pandemic and response created a year of two distinct halves for Secondary Care with material commercial, operational and clinical differences. The Hospitals and Surgical Centres were operating under a block contract arrangement for the first half of the year (as part of the national response to the COVID-19 pandemic), moving to the “business as usual” activity payment model for the second half. The business continued the growth in its private healthcare activities (both self-pay and via private medical insurers) and continued to support the NHS in its response to COVID-19. Overall, the number of procedures undertaken by our Secondary Care service increased by 54% compared to the prior year.

The key performance indicators relating to Secondary Care for the period are as follows:

	2021	(Restated) 2020
Secondary Care revenue £'000	161,118	130,537
Secondary Care EBITDA £'000	24,933	19,176
Secondary Care procedures	72,888	47,315

Health in Justice
The Group is the largest provider of healthcare services to prisons and secure facilities in England, operating at 49 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 dominated much of the year in terms of healthcare priorities and prison operations but we have maintained service levels and strong working relationships across the board.

We have re-organised our leadership and operational structures during the year, with eight distinct regions mirroring NHS England commissioning teams.

We continue to invest in our services both in terms of technologies and staffing:
- Progress with the programme rolling out new medication dispensing machines across our sites has been impacted by COVID-19, but 5 are now installed and operational with a further 10 in progress.
- The Hepatitis C elimination project is delivering great improvements across the prison estate, with micro-elimination having been achieved at 17 sites and Hep-C reception testing uptake increasing from 17% to 86%.
- In the process of rolling out a new model for Mental Health assessments and treatment, driven by our now fully formed national mental health leadership team.
- Appointed to manage the COVID-19 vaccination programme across the entire London prison estate.

Growth remains a key part of the strategy and this year three new services were mobilised including diversifying into healthcare provision within immigration removal centres and running a pilot for Reading courts. In addition to this we have been successful in winning a contract for services at a new build prison in Wellingborough which will go live in 2022. We have also protected our existing services by successfully extending any contracts that were due for renewal.

The key performance indicators relating to Health in Justice for the period are as follows:

	2021	**(Restated) 2020**
Health in Justice revenue £'000	171,124	143,590
Health in Justice EBITDA £'000	16,112	15,208
Health in Justice prison population at 30th September	31,263	30,162

Integrated Urgent Care

The Integrated Urgent Care service is the provision of the NHS 111 service and out of hours (OOH) GP and nursing services and GP practices in England. The strategy is to expand geographic spread and provision in both service lines at the desired levels of service quality, innovation and financial return. We provide circa 12% of NHS 111 services and circa 10% of out of hours services.

Our Integrated Urgent Care services, have been at the forefront of the UK's fight against the COVID-19 pandemic which has led to improvements in our revenue as more activity has been directed to 111. During the year we have opened a new Clinical Assessment Service (CAS) in London and will be mobilising another CAS in Gloucester early in FY22.

We have exited a loss-making contract, re-negotiated the remaining contracts and implemented stringent cost control measures to improve the profitability of this service.

The key performance indicators relating to Integrated Urgent Care for the period are as follows:

	2021	**(Restated) 2020**
Integrated Urgent Care revenue £'000	79,076	69,573
Integrated Urgent Care EBITDA £'000	7,546	1,948
Integrated Urgent Care 111 calls answered	1,622,179	1,681,673
Integrated Urgent Care OOH patient interactions	352,804	387,882

New Services

The Group has scaled back its investment in new services this year as the pandemic has limited opportunities for growth in this area. Development relating to WellWatch, a wearable technology that can assist with the detection of health issues in the wearer, has largely been paused during the year although this is expected to receive further investment in the new financial year as markets begin to return to normal.

New services have been subsumed into the Integrated Urgent Care key performance indicators above.

Strategic Report for the Year Ended 30 September 2021 (continued)

Net debt and cash flow
The Group was created following the purchase of Practice Plus Group Holdings Limited on 25th October 2019 which was funded by £115.6m of equity and £100.0m of loans from Bridgepoint. At 30th September 2021, the net debt for the Group was £46.5m, comprising cash of £19.0m, offsetting loans to Bridgepoint of £65.5m, following the repayment of £40.0m of loans during the year. See note 28 for a reconciliation of movements in net debt.

The Group manages its net debt through focusing on its liquidity which includes cash, and the undrawn amount of the Revolving Credit Facility. A summary of the the Group's liquidity position is below:

	Group	
	30 September 2021 £ 000	**30 September 2020 £ 000**
Cash	19,014	26,342
Overdraft facility	5,000	-
RCF faciity	5,000	20,000
Restricted Cash	-	(2,000)
Total Liquidity	29,014	44,342

On the 25th October 2019, the Group entered into a £10m revolving credit facility ("RCF"). The RCF attracts interest at LIBOR +2.5% and has a maturity of 25th October 2022. The RCF attracts a financial covenant of £10m minimum consolidated EBITDA, alongside the requirement to supply the lenders with certain financial information within specific deadlines. The RCF is guaranteed on the assets of material subsidiaries of the Group which is defined as all subsidiaries which contribute more than 5% of EBITDA.

Following the COVID-19 pandemic which impacted globally from March 2020, the Group took precautionary steps to increase its liquidity given the uncertainties in the market. The RCF was extended by another £10m for a period of two years from agreed changes and the £10m EBITDA financial covenant was waived to the period ending 31st December 2021. A new financial covenant was put in place which stipulates the Group must maintain a £2m cash reserve.

On the 9th August 2021, following a strong period of EBITDA and increased cash reserves, the Group withdrew the £10m RCF extension and reduced the original RCF to £5m. The original financial covenant of £10m minimum consolidated EBITDA was restored and the requirement of the Group to maintain a £2m cash reserve was removed and replaced with a £5m overdraft facility.

At 30 September 2021, the Group had no borrowings outstanding under the total £5m RCF and the £5m overdraft remains undrawn.

Strategic Report for the Year Ended 30 September 2021 (continued)

Principal risks and uncertainties

The Board of Directors has overall responsibility for the Group'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 Group 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 independent providers to offer NHS services. These factors can have a direct impact on the number of referrals we receive for our elective surgery and CATS & Diagnostics businesses, and can vary dependant on the locality of the trading unit and the relationships we have with the local CCGs. The mitigation for this risk is to continually strive to deliver high levels of quality, safety and patient satisfaction.

COVID-19 risk

The COVID-19 pandemic has led to changes in the Secondary Care business. In March 2020, the Group became part of the NHS response to the COVID-19 crisis as a strategic partner under a new central NHS England contract. The Group has supported the NHS as required and appropriate with regard to the COVID-19 response. This creates uncertainty for the Group as demand for elective procedures is volatile as COVID-19 restrictions continue to impact the industry.

Regulatory risk

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

Liquidity risk

The Group has access to a Revolving Credit Facility and overdraft which are 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 the Revolving Credit 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 Group is exposed to general and industry specific wage inflation pressures, including legislative changes concerning the minimum wage, national living wage and apprenticeship levy. In addition, the impact of Brexit on sterling has resulted in a number of price increases for the medical consumables and pharmacy items utilised in the provision of our services. This is mitigated by careful cost control.

Credit risk

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

Section 172(1) statement
The Board of Directors are responsible for making key decisions, supported by the senior leadership team. All decisions are assessed against the Group's values to ensure all financial and non financial impacts are assessed and considered as part of the decision-making process.

The Directors recognise that our employees are our key asset and that recruitment and retention of skilled staff is vital to the continuing success of our business. We offer a broad range of services which ensure staff have the opportunity to progress across our services and specialties. We offer a flexible work/life balance with an array of education, training and development opportunities to help develop our staff. We carry out annual employee engagement surveys to ensure that we continue to understand and act in the best interest of our employees.

We are committed to providing consistent, high quality service to local communities and regularly engage with our patients and service users to ask for their feedback. We use this feedback to develop robust action plans to ensure we have a programme of continuous improvement. We encourage openness and the honest reporting of any issues and, in the event of any performance or service shortcomings, we ensure a full and open review is carried out and shared widely.

We understand that as a Group we impact directly on the communities in which we operate and therefore we ensure all of our decision-making is supported by analysis of impacts both internal to our organisation and external. We are constantly striving to find more energy efficient ways to deliver our services.

The Group is committed to supporting research and investing in social initiatives and charitable organisations which support wellbeing. Our colleagues regularly extend their care for others beyond their day job and out into their own communities through a range of fundraising activities. We are delighted to reward and acknowledge their efforts through our Working with the Community Fund which provides matched funding up to £500 per application.

Our commitment as a provider of healthcare has always been to best quality, best practice and best outcomes in everything we do. This belief guides corporate culture and behaviours to ensure the highest possible standards of conduct. The Group has implemented a number of policies to ensure compliance.

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.

The requirement to comply with the Group's internal policies forms part of an individual’s terms of employment and there are processes available to deal with instances of non-compliance. Healthcare believes these policies operate effectively and also recognises the importance of robust processes to mitigate against both the likelihood and the impact of risks crystallising.

Engagement with suppliers, customers and other relationships
The Group does not follow a specific code or statement on payment practice. However, it is the Group’s policy to pay its suppliers in accordance with the payment terms agreed at the outset of the relationship providing the supplier adheres to its obligations.

Corporate governance
The Directors consider the annual report and financial statements to comply with all aspects of the Walker Guidelines for Disclosure and Transparency in Private Equity and also with the Wates Principles.

Strategic Report for the Year Ended 30 September 2021 (continued)

Wates Principles

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

These values inform expected behaviours and practices throughout the organisation. They are integrated into the different functions and operations of the business. This includes medical governance, internal assurance, employment practices, risk management, and compliance frameworks. The Board, shareholders and management are committed to embedding this culture throughout the organisation. This is effectively monitored through patient feedback, employee surveys, CQC feedback and all the wider NHS accreditation and monitoring mechanisms.

1. Purpose and leadership
The Board has built a strategy and business model to generate long-term sustainable value. Practice Plus Group is a diversified Health Care organisation and each discreet business unit or service line has its own strategy, which is regularly reviewed and validated. The Board is responsible for ensuring that the strategy is clearly articulated and implemented throughout the organisation, and that it, along with the company values, supports appropriate behaviours and practices. The Board has lead on the establishment of transparent policies in relation to raising concerns about misconduct and unethical practices. The Board manages conflicts of interest and a balance is struck between short-term targets or needs, and long term aspirations.

2. Board composition
The Chair, who is an independent non-executive, leads the Board and is responsible for its overall effectiveness, promoting open debate and facilitating constructive challenge and discussion. The ultimate Group Board comprises six individuals, four of whom are non-executive and two executives, the CEO and CFO. Two of the non-executives represent the majority shareholder. The Board has the appropriate combination of skills, backgrounds, experience and knowledge that promotes accountability and incorporates objective thought. It provides constructive challenge to achieve effective decision-making.

Strategic Report for the Year Ended 30 September 2021 (continued)

3. Directors' responsibilities
The Board has established and maintains corporate governance practices that provide clear lines of accountability and responsibility to support effective decision-making. The Group has set out, in its Delegation of Authority Matrix, the policies and practices that govern the internal affairs of the company. The Board's policies and procedures support effective decision-making and independent challenge.

Full Board meetings are held monthly and the following sub-committees are in place:
• The Audit and Risk Committee,
• The Remuneration Committee and
• The Medical Governance Committee

They are all chaired by Non-Executives and meet as required. The terms of each committee are set out in the Delegation of Authorities Matrix, including authorities delegated to it. The Board retains responsibility for all final decisions.

The authority, accountability, role and conduct of Directors is clear. Directors are aware of potential conflicts and have a process to identify and manage this risk. The Directors act in the ways they consider, in good faith, are most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to:

(a) The likely consequences of any decision in the long term;
(b) The interests of the Company's employees;
(c) The need to foster the Company's business relationships with suppliers, customers and others;
(d) The impact of the Company's operations on the community and the environment;
(e) The desirability of the Company maintaining a reputation for high standards of business conduct; and
(f) The need to act fairly as between members of the company

The Chair and the Company Secretary periodically review the governance processes to confirm that they remain fit for purpose. They consider any initiatives which could strengthen the governance of the Group.

4. Opportunity and risk
The Board regularly considers and assesses how the Group creates and preserves value over the long-term. This includes both tangible and intangible sources of value, and the stakeholders that contribute to it. New business opportunities are considered and approved at board level.

The Board has responsibility for the organisation's overall approach to strategic decision-making and effective risk management (financial and non-financial), including reputational risk. This requires oversight of risk and how it is managed, and appropriate accountability to stakeholders. The Board has established an internal control framework and systems that are in place to manage and mitigate both emerging and principal risks. There is frequent risk reporting and clear points at which decisions are made and escalated. Risk is principally managed through the Medical Governance and Audit and Risk sub committees and responsibilities include:

• developing appropriate risk management systems that identify emerging and established risks facing the company and its stakeholders;
• determining the nature and extent of the principal risks faced and those risks which the organisation is willing to take in achieving its strategic objectives (determining its 'risk appetite');
• agreeing how the principal risks should be managed or mitigated and over what timeframe to reduce the likelihood of their incidence or the magnitude of their impact;
• establishing clear internal and external communication channels on the identification of risk factors, both internally and externally; and
• agreeing a monitoring and review process.

Strategic Report for the Year Ended 30 September 2021 (continued)

5. Remuneration
The Board has established executive remuneration structures that are aligned with performance, behaviours, and the achievement of company purpose, values and strategy and the delivery of long-term sustainable success. This takes account of the broader operating context, including the pay and conditions of the wider workforce and the company's response to matters such as any gender pay gap.

Remuneration decisions have been delegated to the Remuneration Committee, which is chaired by a Non-Executive Director. It is responsible for designing remuneration policies and structures for Directors, senior management and the organisation as a whole.

6. Stakeholder relationships and engagement
Directors foster effective stakeholder relationships aligned to the Group's purpose. The Board oversees meaningful engagement with stakeholders and has regard to their views when taking decisions. Stakeholders include the workforce, customers and suppliers, regulators, the NHS, pensioners, creditors and community groups.

Strategic Report for the Year Ended 30 September 2021 (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).

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.

Strategic Report for the Year Ended 30 September 2021 (continued)

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 3 February 2022 and signed on its behalf by:

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

Directors' Report for the Year Ended 30 September 2021

The Directors present their Directors' report and the consolidated financial statements for the year ended 30 September 2021.

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

James Easton

David Stickland

Michael Parish - Chairman

Philip Whitecross

Jamie Wyatt

Robert Moores

James Easton: Chief Executive Officer
• Joined Practice Plus Group in February 2013
• Previously was National Director of Improvement and Efficiency at the Department of Health. Led the national Quality, Innovation, Productivity and Prevention ("QIPP") project that works across the NHS to improve both quality and efficiency.
• Was Chief Executive of the NHS South Central Strategic Health Authority and Chief Executive Officer of York Hospitals NHS Foundation Trust.
• More than 30 years experience in the NHS with experience in primary care, mental health, healthcare commissioning and policy development.

David Stickland: Chief Finance Officer
• Joined Practice Plus Group in November 2019
• Has sat on Boards as a CFO for the last 15 years working in Outsourced Business Services, transportation and Information Technology industries.
• Strong commercial edge and focused on driving profitable growth and delivering stakeholder expectations.

Robert Moores and Jamie Wyatt are Non-Executive Directors representing the majority Shareholder, Bridgepoint.

Michael Parish and Philip Whitecross are Non-Executive Directors who were previously Executive Directors of the Healthcare division prior to its acquisition by the Group in October 2019 and have extensive knowledge and experience of the activities of the Group.

Dividends
No dividends will be distributed for the year ended 30 September 2021 (2020: £nil).

Information included in the Strategic Report
The review of business is noted in the Strategic Report.

Directors' Report for the Year Ended 30 September 2021 (continued)

Gender diversity
The following table shows the gender diversity relating to our workforce during the year:

Group	Male %	Female %
Board of Directors	100	-
Senior Management	84	16
Other Employees	24	76

Employment of disabled persons
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 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 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 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 2021 (continued)

Environmental report

Energy efficiency actions taken during the period
As described elsewhere in this report in Autumn 2020, the Group had to once again completely refocus all discretionary activity to support the NHS's Covid 19 requirements and protecting colleagues and patients, and this included the effort that we would have put into increasing our overall energy efficiency. That said we have continued to improve our energy efficiency through our 'business as usual' maintenance policy. This stipulates that when an energy consuming asset needs replacing we install the most energy efficient solution within the constraints of the relevant HTM specification. For example we replace CFL lamps with LED lamps and fixed speed motors with variable speed motors.

So although Covid 19 has hampered our energy efficiency actions this year we did make some progress with the two initiatives that we had lined up for this year, and we were able to start a third.

The first initiative was the appointment of a new outsourced maintenance partner, Emcor, whose remit includes energy consumption reduction – again within the constraints of patient and staff welfare and relevant HTM specifications. Their plan is at the early stages of development and we will report on this in more detail next year.

The second initiative was the review of the opportunities highlighted in the ESOS audits undertaken e/o 2019. The key opportunity we are focusing on is the conversion of all lighting from CFL to LED. So far we completed a full survey of all lighting across the estate and identified where we don't have LEDs. We are now in the process of building a robust business case for the en-masse conversion of over 2,500 light fittings in 2022.

The new initiative is that the Board has made the strategic decision to develop and delever a Net Zero Carbon Reduction Plan. The Group has adopted the UN Climate Neutral Now definition of Net Zero as "the state where a balance between anthropogenic greenhouse gas (GHG) emissions and removals is achieved", by taking the following actions:

1. Measuring 100% of the organisation's GHG emissions
2. Reducing GHG emissions as far as possible; and
3. Offsetting remaining emissions through projects that remove carbon from the atmosphere in the long term.

This Carbon Reduction Plan is one element of Practice Plus Group's wider 10 Year Environmental Sustainability Strategy; in which we will focus our environmental sustainability efforts in areas where we believe we can make the biggest difference, and where we can measure and evidence progress against our baseline year of 2016-17 whenever possible.

We have already begun our active journey to Net Zero, and have prioritised early action over bureaucratic deliberation and measurement. We have taken action to offset all of our business travel for the past three years, underlining our commitment to recognising and redressing our impact on the environment. We are planting a forest of 10,000 tress in Haiti, which will provide food security for the local population, as well as capturing 1,600 tonnes of CO_2 over a ten year period. We aim to start the planting of our second 10,000 tree forest in 2022. We are moving our energy supply to renewables, and switching to recycled paper across the business. In all cases, we have a strong focus on reduction first.

Directors' Report for the Year Ended 30 September 2021 (continued)

Emissions and energy consumption

Streamlined Energy and Carbon Reporting ("SECR") Methodology

Energy Consumption and Emissions: This was collected from the energy bills from the supplier with the exception of two Treatment Centres where we pay for the energy via the service charge. The service charge costs were converted to kWh using the average cost per kWh for each of the utilities we buy directly from a supplier. The emissions were calculated from the kWh using the conversion factors published by on the government's SECR website.

Transport Emission: The business travel mileage was collected from the expenses claim system. The emissions were calculated from the miles using the conversion factors published by on the government's SECR website.

Summary of greenhouse gas emissions and energy consumption for the year ended 30 September 2021:

Name and	**Metric**	**2021**	**2020**
Emissions from combustion of gas	tCO2e	2,731	3,296
Emissions from combustion of fuel for transport purposes	tCO2e	-	-
Energy consumption used to calculate emissions	kWH	23,828,270	27,363,231
Emissions from business travel	tCO2e	336	435
Emissions from purchased electricity	tCO2e	1,894	2,201
Total gross emissions	tCO2e	4,625	5,931
Intensity ratio	kgCO2e per £1k Hospital revenue	30	41

Directors' Report for the Year Ended 30 September 2021 (continued)

Intensity ratio

Hospital emissions per £1000 of revenue
90% of our emissions are from gas and electricity, and 95% of these emissions come from the 9 Hospitals and Surgical centres. Therefore we decided that the most representative intensity factor for the business as a whole would be one that normalised the emissions from the Hospitals. We also decided that the simplest measure of their output is the sum of their revenue. Therefore the intensity metric we chose for the Group is "Hospital emissions per £1,000 of annualised Hospital revenue" This covers 85% of our emissions and will provide a good indication of our progress towards a greener business. During the year ended 30 September 2021 this was 30.00% (2020 - 41.00%). The change in the intensity ratio has been impacted by the change in contractual arrangements relating to the Hospitals in the current and prior period. There have been periods when the Hospitals have operated under a block contract with fixed revenue which will have impacted on this ratio.

Environmental matters
The Group has implemented a number of initiatives to minimise environmental impact. These include the procurement process with supplier due diligence to utilise responsible, sustainable suppliers, reducing multiple small deliveries and opting for plastic-free medication packaging. We continue to work on reducing our consumption via paperless working, the introduction of smart water meters and have also commissioned a feasibility study for the introduction of Electric Vehicle charging points at all our Hospitals and Surgical Centres alongside existing Cycle2work and car share schemes.

Social and community issues
Key social and community issues for us 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 hundreds of employees take part in fundraising for their favourite charities.
Give as You Earn’ (GAYE) payroll charity donations.
Annual fund raising events in our main offices (e.g. the BBC ‘Children in Need’ appeal).

Future developments
The Group continues to grow its presence in the elective surgery sector, along with its CATs & Diagnostic services. The main focus of this growth remains contracts with the NHS and CCGs but other opportunities are also assessed if they align with our current strengths or can be delivered using existing staff and infrastructure. Growth is also continuing in private pay arrangements and procedures carried out under private medical insurance.

Directors' Report for the Year Ended 30 September 2021 (continued)

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 2021, the Group has significant levels of liquidity with a strong cash position of £19.0m and access to a further £5.0m of Revolving Credit Facilities and a £5.0m overdraft, both of which are fully undrawn.

• Budgeted cash flows show that the Group would be able to continue to trade for at least 12 months from the date of approval of these financial statements.

• Although COVID-19 has had an impact on the Group's performance during the period ended 30 September 2021, this impact has been relatively limited to the Hospitals and Surgical Centres. As consideration of the impact of COVID-19 on the going concern basis, the Directors have prepared a range of detailed cash flow forecasts for the Group for the period of 12 months from the date of approval of these financial statements, using a range of scenarios of the impact of a new variant could have on Secondary Care activity and potential further lockdowns. Even under the most severe but plausible scenario, the Group has sufficient resources and liquidity to be able to continue to trade for at least 12 months from the date of signing of these financial statements,

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.

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 3 February 2022 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

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

Company law requires the Directors to prepare Group and Parent Company Financial Statements for each financial year. Under that law they have elected to prepare both the Group and the Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Group and Parent Company and of their profit or loss for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Group and Parent 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 Group and Parent 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 Group and the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of 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 Group and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Practice Plus Group Topco Limited

Opinion
We have audited the financial statements of Practice Plus Group Topco Limited ('the Company') for the year ended 30 September 2021, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, and related notes, including the accounting policies in note 2 .

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 30 September 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006; 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 group 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 Group or the Company or to cease their operations, and as they have concluded that the Group and 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 Group's business model and analysed how those risks might affect the Group and 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 Group or the Company will continue in operation.

Fraud and breaches of laws and regulations

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 high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing" and process for engaging management to identify fraud risks specific to their business units, as well as whether they have knowledge of any actual, suspected, or alleged fraud;
- Using analytical procedures to identify any unusual or unexpected relationships;
- Reading Board minutes; 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 risks 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 and testing journal entries based on risk criteria and comparing the identified entries 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 Topco 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 Topco 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 their statement set out on page 21, 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 Group and Parent 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 Group or the Parent 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 an Auditor's Report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent Auditor's Report to the Members of Practice Plus Group Topco 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

3 February 2022

Consolidated Income Statement for the Year Ended 30 September 2021

	Note	2021 £ 000	(Restated) 2020 £ 000
Revenue	4	410,893	343,500
Cost of sales		(283,253)	(239,941)
Gross profit		127,640	103,559
Administrative expenses		(99,485)	(116,746)
Operating profit/(loss)	6	28,155	(13,187)
Finance income		25	24
Finance costs		(5,518)	(5,481)
Net finance cost	7	(5,493)	(5,457)
Profit/(loss) before tax		22,662	(18,644)
Income tax expense	11	(8,792)	(536)
Profit/(loss) for the year		13,870	(19,180)

The above results were derived from continuing operations.

Financials relating to the prior year relate to the period from 25th October 2019 to 30th September 2020 when the Group acquired its trading activities.

Consolidated Statement of Comprehensive Income for the Year Ended 30 September 2021

	2021 £ 000	(Restated) 2020 £ 000
Profit/(loss) for the year	13,870	(19,180)
Items that will not be reclassified subsequently to profit or loss		
Actuarial gain/(loss) on defined benefit pension schemes before tax	(4)	23
Income tax effect	1	(4)
	(3)	19
Total comprehensive income/(loss) for the year	13,867	(19,161)
Total comprehensive income attributable to:		
Owners of the company	13,867	(19,161)

The notes on pages 37 to 100 form an integral part of these financial statements.

Consolidated Statement of Financial Position as at 30 September 2021

	Note	30 September 2021 £ 000	(Restated) 30 September 2020 £ 000
Non-current assets			
Intangible assets	12	225,345	225,357
Property, plant and equipment	13	21,755	17,575
Right of use assets	14	49,114	55,203
		296,214	298,135
Current assets			
Inventories	17	902	909
Trade and other receivables	18	30,604	16,470
Cash and cash equivalents	19	19,014	26,342
		50,520	43,721
Total assets		346,734	341,856
Current liabilities			
Current portion of long term lease liabilities	25	(5,640)	(5,308)
Trade and other payables	20	(96,224)	(68,646)
Provisions	22	(82)	(731)
		(101,946)	(74,685)
Non-current liabilities			
Long term lease liabilities	25	(45,213)	(50,854)
Loans and borrowings	21	(65,494)	(102,405)
Retirement benefit obligations	23	(294)	(282)
Provisions	22	(4,509)	(4,515)
Deferred tax liabilities	11	(17,511)	(11,585)
		(133,021)	(169,641)
Total liabilities		(234,967)	(244,326)
Net assets		**111,767**	**97,530**

The notes on pages 37 to 100 form an integral part of these financial statements.

Consolidated Statement of Financial Position as at 30 September 2021 (continued)

	Note	30 September 2021 £ 000	(Restated) 30 September 2020 £ 000
Equity			
Share capital	24	115,707	115,764
Share premium		1,354	927
Retained earnings		(5,294)	(19,161)
Equity attributable to owners of the Company		**111,767**	**97,530**

Approved by the Board on 3 February 2022 and signed on its behalf by:

....
David Stickland
Director

The notes on pages 37 to 100 form an integral part of these financial statements.

Company Statement of Financial Position as at 30 September 2021

	Note	30 September 2021 £ 000	30 September 2020 £ 000
Non-current assets			
Investments in subsidiaries	15	115,600	115,600
Current assets			
Trade and other receivables		1,593	1,113
Current liabilities			
Income tax liability		-	(4)
Net Assets		**117,193**	**116,709**
Equity			
Share capital	24	115,800	115,764
Share premium		1,354	927
Retained earnings		39	18
Equity attributable to owners of the company		**117,193**	**116,709**

Approved by the Board on 3 February 2022 and signed on its behalf by:

....
David Stickland
Director

The notes on pages 37 to 100 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the Year Ended 30 September 2021

	Share capital £ 000	Share premium £ 000	(Restated) Retained earnings £ 000	(Restated) Total equity £ 000
At 8 October 2019	-	-	-	-
Loss for the year	-	-	(19,180)	(19,180)
Other comprehensive income	-	-	19	19
Total comprehensive income	-	-	(19,161)	(19,161)
New share capital subscribed	115,764	927	-	116,691
At 30 September 2020	115,764	927	(19,161)	97,530

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total equity £ 000
At 1 October 2020	115,764	927	(19,161)	97,530
Profit for the year	-	-	13,870	13,870
Other comprehensive income	-	-	(3)	(3)
Total comprehensive income	-	-	13,867	13,867
New share capital subscribed	36	427	-	463
Elimination of shares held by Employee Benefit Trust	(93)	-	-	(93)
At 30 September 2021	115,707	1,354	(5,294)	111,767

The notes on pages 37 to 100 form an integral part of these financial statements.

Company Statement of Changes in Equity for the Year Ended 30 September 2021

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 8 October 2019	-	-	-	-
Profit for the year	-	-	18	18
Total comprehensive income	-	-	18	18
New share capital subscribed	115,764	927	-	116,691
At 30 September 2020	115,764	927	18	116,709

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 October 2020	115,764	927	18	116,709
Profit for the year	-	-	21	21
Total comprehensive income	-	-	21	21
New share capital subscribed	36	427	-	463
At 30 September 2021	115,800	1,354	39	117,193

The notes on pages 37 to 100 form an integral part of these financial statements.

Consolidated Statement of Cash Flows for the Year Ended 30 September 2021

	Note	2021 £ 000	(Restated) 2020 £ 000
Cash flows from operating activities			
Profit/(loss) for the year		13,870	(19,180)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	21,728	22,446
Impairment		(8,305)	18,576
Profit on disposal of property plant and equipment	6	(81)	(32)
Finance income	7	(25)	(24)
Finance costs	7	5,518	5,481
Income tax expense	11	8,792	536
		41,497	27,803
Working capital adjustments			
Decrease in inventories	17	7	950
(Increase)/decrease in trade and other receivables	18	(12,906)	13,717
Increase/(decrease) in trade and other payables	20	25,992	(4,930)
Decrease in retirement benefit obligation net of actuarial changes	23	(2)	(82)
Decrease in provisions	22	(655)	(455)
Cash generated from operations		53,933	37,003
Income taxes paid		(3,760)	(2,830)
Net cash flow from operating activities		50,173	34,173
Cash flows from investing activities			
Interest received	7	25	24
Acquisitions of property plant and equipment		(6,826)	(4,651)
Acquisition of intangible assets		(1,874)	(3,268)
Proceeds from sale of property, plant and equipment		81	145
Net cash inflow on business combination	16	-	7,899
Buy out of joint operation		-	(3,077)
Net cash flows from investing activities		(8,594)	(2,928)
Cash flows from financing activities			
Interest paid	7	(299)	(370)
Proceeds from issue of ordinary shares, net of issue costs		36	1,091
Loans from related parties		-	3,400
Repayment of other borrowing		(40,000)	-
Revolving credit facility issue fees		-	(339)
Repayment of lease liability		(8,644)	(8,685)
Net cash flows from financing activities		(48,907)	(4,903)

The notes on pages 37 to 100 form an integral part of these financial statements.

Consolidated Statement of Cash Flows for the Year Ended 30 September 2021 (continued)

	Note	2021 £ 000	(Restated) 2020 £ 000
Net (decrease)/increase in cash and cash equivalents		(7,328)	26,342
Cash and cash equivalents at 1 October 2020 and 8 October 2019		26,342	-
Cash and cash equivalents at 30 September		19,014	26,342

Cash flows relating to the prior year relate to the period from 25th October 2019 to 30th September 2020 when the Group acquired its trading activities.

Company Statement of Cash Flows for the Year Ended 30 September 2021

	Note	2021 £ 000	2020 £ 000
Cash flows from operating activities			
Profit for the year		21	18
Adjustments to cash flows from non-cash items			
Finance Income		(21)	(22)
Income tax expense		-	4
Cash generated from operations		-	-
Income taxes (paid)/received		-	-
Net cash flow from operating activities		-	-
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 October 2020 & 8 October 2019		-	-
Cash and cash equivalents at 30 September		-	-

The notes on pages 37 to 100 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 30 September 2021

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in the 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 3 February 2022.

2 Accounting policies

Statement of compliance
The Group financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRS's").

The Group is preparing its financial statements in accordance with Adopted IFRS for the first time and consequently has applied IFRS 1. An explanation of how the transition from UK GAAP to Adopted IFRSs has affected the reported financial position, financial performance and cash flows is provided in note 32.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRS's in the transition period. The only exemption that has been taken in these financial statements relates to business combinations whereby business combinations that took place prior to the date of transition have not been restated.

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

Basis of preparation
The financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

The functional currency of the Group is GB pounds sterling and this is also the presentational currency of these Financial Statements.

2 Accounting policies (continued)

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 2021, the Group has significant levels of liquidity with a strong cash position of £19.0m, access to a further £5.0m of revolving credit facility which is fully undrawn and a further £5.0m overdraft facility which is fully unutilised.

• Budgeted cash flows show that the Group would be able to continue for at least 12 months from the date of approval of these financial statements.

• As detailed in the Strategic Report, although COVID-19 has had an impact on the Group's performance during the period ended 30 September 2021, this impact has been relatively limited to the Hospitals and surgical centres. As consideration of the impact of COVID-19 on the going concern basis, the Directors have prepared a range of detailed cash flow forecasts for the Group for a period of 12 months from the date of approval of the financial statements, using a range of scenarios around how quickly the Hospital service can return to pre COVID-19 levels of activity. Even under the most severe but plausible scenario, the Group has sufficient resources and liquidity to be able to continue to trade for at least 12 months from the date of approval of these financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 30 September 2021.

No income statement is presented for the Company as permitted by section 408 of the Companies Act 2006. The Company made a profit after tax for the financial year of £21k (2020 - profit of £18k).

2 Accounting policies (continued)

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in accounting policy
None of the standards, interpretations and amendments effective for the first time from 1 October 2020 have had a material effect on the financial statements.

New standards, interpretations and amendments not yet effective
The following Adopted IFRSs have been issued but have not been applied by the Group in these consolidated financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

Amendments to IFRS3 Business Combinations, IAS16 Property, Plant and Equipment; IAS 37 Provisions, Contingent liabilities and Contingent Assets,

Annual Improvements 2018-2020

Not yet endorsed:

Amendments to IAS 1 Presentation of Financial Statements

Amendments to IAS 8 Accounting estimates

2 Accounting policies (continued)

Amendments to IAS 12 Income Taxes: Deferred Tax

None of the other standards, interpretations and amendments which are effective for periods beginning after 1 October 2020 and which have not been adopted early, are expected to have a material effect on the financial statements.

Revenue recognition

Recognition

The Group earns revenue from the provision of Healthcare services. The Group provides a number of services relating to Healthcare which includes provision of surgical procedures at our Hospital and Surgical Centres, provision of healthcare within prisons, GP practices, Out-of-Hours medical assistance and 111 call centre 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

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 Group 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 Group acts as a principal if it controls a promised good or service before transferring that good or service to the customer. The Group 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 Group is acting as a principal, revenue is recorded on a gross basis. Where the Group is acting as an agent revenue is recorded at a net amount reflecting the margin earned.

2 Accounting policies (continued)

Contract modifications

The Group'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 group'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 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 & trade receivables (loans and advances) are classified as current or non-current based on the Group'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 group 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.

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 group determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the group 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.

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 group 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 consolidated financial statements and on unused tax losses or tax credits in the group. 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.

Property, plant and equipment
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	**Depreciation method and rate**
Assets under construction	No depreciation charged until asset is ready for use
Buildings	In line with the lease on the property
Computer equipment	Straight line: 33% on cost
Medical equipment	Straight line: 20% on cost

2 Accounting policies (continued)

Business combinations
Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. The cost of acquisition is expensed as incurred.

Goodwill
Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Intangible assets
Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

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:

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

2 Accounting policies (continued)

Asset class	Amortisation method and rate
Intangible assets relating to contracts	Straight line: Between 3-12 years which includes assumption on renewal of underlying contract
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.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

2 Accounting policies (continued)

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings
All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions
Provisions are recognised when the group 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.

2 Accounting policies (continued)

Leases

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 group 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 group 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 Group 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 group's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the group 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.

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 group 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 group 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 group 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.

2 Accounting policies (continued)

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.

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.

2 Accounting policies (continued)

Defined benefit pension obligation

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

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

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

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs. The entity then calculates the current service cost for the remainder of the reporting period, post the amendment or curtailment, using the same actuarial assumptions as those used to remeasure the net defined benefit liability/(asset).

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

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement, ignoring the effect of the asset ceiling that is reversed separately through OCI.

Share based payments

Certain employees are entitled to purchase shares in the Company as part of an incentive plan. The nature of any such arrangements are assessed to consider whether they meet the definition of share based payments and whether any share based payments are equity-settled or cash-settled. The Group currently has equity-settled share based payments and no cash-settled share based payments.

Equity-settled share based payments are measured at the fair value of the equity instruments on the grant date. The resulting fair value is expensed on a straight line basis over the vesting period.

For cash-settled share based payments, a liability is recognised for the goods or services acquired, initially measured at the fair value of the liability. The fair value of the liability is re-measured at each balance sheet date, with any changes in fair value recognised in profit or loss for the year.

2 Accounting policies (continued)

Non - GAAP performance measures
The Board believe that the measure EBITDA provides additional useful information for the shareholders and other stakeholders on the underlying performance of the business. These measures are consistent with how the business is monitored internally. The EBITDA is not a recognised profit measure under adopted IFRS and may not be directly comparable with profit measures used by other companies.

EBITDA is defined as operating profit before net financing expenses adjusted to exclude finance income/costs, depreciation of tangible assets, amortisation of intangible assets, impairment charges and non-recurring items.

Financial instruments

Initial recognition
Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The group recognises financial assets and financial liabilities in the statement of financial position when, and only when, the group 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 group 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 group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

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 group 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.

2 Accounting policies (continued)

Derecognition

Financial assets

The group 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 group 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 group is recognised as a separate asset or liability.

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

2 Accounting policies (continued)

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the group 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 group 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 group 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 group 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.

2 Accounting policies (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

The group 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 group 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 group 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 group recognises an allowance for the lifetime ECL.

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

The group 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 group 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.

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 group on terms that the group 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 group, or economic conditions that correlate with defaults in the group.

2 Accounting policies (continued)

For trade receivables, the group 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 group 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 2021 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 group 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.

Provisions

The Group provides for onerous contracts to the extent that the unavoidable costs of fulfilling the contractual obligation exceeded the estimated economic benefit expected from the contract. The calculation of the provision requires an estimate of the future cash flows expected to arise from the asset and a suitable risk-adjusted discount rate in order to calculate present value.

The Group has recognised provisions for the cost of dilapidations on leasehold properties based on estimates of the likely cash out flow at the end of the lease, discounted using an appropriate discount rate.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

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.

Impairment of non-financial assets
The Group assesses the recoverable amount of tangible assets, intangible assets and investments where there are indications that the assets could be impaired. Indicators of impairment include factors internal and external to the organisation that suggest the asset's value may have declined. Where indicators suggest that the value of the asset may have declined, the Group estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use calculation requires an estimate of the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

Intangible assets
The Group uses forecast cash flow information and estimates of future growth to initially value other intangible assets recognised as part of business combinations, to assess whether goodwill and other intangible assets are impaired, and to determine the useful economic lives of its intangible assets. If the results of operations in a future period are adverse to the estimates used for impairment testing, an impairment charge may be triggered at that point, or a reduction in useful economic life may be required.

4 Revenue

The analysis of the Group's revenue for the year from continuing operations is as follows:

	2021	2020
Group	**£ 000**	**£ 000**
Rendering of services	410,893	343,500

The Group considers its business activities fall into the following operating segments:

Secondary Care - The provision of elective surgery procedures to both the public and private sector.

Health in Justice - The provision of forensic and general healthcare services to offenders, victims of crime and those within the judicial system.

Integrated Urgent Care - The provision of primary healthcare services, including out of hours contracts, integrated urgent care contracts and 111 call centres.

4 Revenue (continued)

Disaggregated revenue information for each segment is provided below.

	Group	
	30 September 2021 £ 000	**30 September 2020 £ 000**
Secondary Care	161,118	130,537
Health in Justice	171,124	143,590
Integrated Urgent Care	79,076	69,573
Intra-segment eliminations	(425)	(200)
	410,893	343,500

The table below shows revenue split between activity based, and block contract.

	Group	
	30 September 2021 £ 000	**30 September 2020 £ 000**
Activity	162,256	110,706
Block	248,637	232,794
	410,893	343,500

Accrued income arises where goods or services are transferred to the customer before the customer pays consideration, or before payment is due. Trade receivables (loans and advances) represent our unconditional right to consideration for the goods or services supplied and performance obligations delivered. Deferred 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 2021 £ 000	**30 September 2020 £ 000**
Accrued income	9,161	2,883
Deferred income	(10,526)	(10,145)
Trade receivables	12,504	7,021
Net contract assets/(liabilities)	11,139	(241)

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

4 Revenue (continued)

Reconciliation of movement in accrued income

	Year ending 30 September 2021 £ 000	Period ending 30 September 2020 £ 000
Accrued income opening	2,883	-
Accrued income arising on business combination	-	5,854
Work performed	9,230	714
Billed	(2,952)	(3,685)
At 30 September	9,161	2,883

Reconciliation of movement in deferred income

	Year ending 30 September 2021 £ 000	Period ending 30 September 2020 £ 000
Deferred income opening	(10,145)	-
Deferred income arising on business combination	-	(7,510)
Recognised in P&L	7,193	5,465
Cash received from customer	(7,574)	(8,100)
At 30 September	(10,526)	(10,145)

Breakdown of contracted revenue

	30 September 2021 £ 000	30 September 2020 £ 000
Contracted revenue < 1yr	210,184	244,714
Contracted revenue 2-5 years	264,227	406,344
Contracted revenue > 5 years	23,510	21,989
	497,921	673,047

5 Non recurring items

The analysis of the Group's non recurring items for the year is below. The Group excludes these items from its calculation of EBITDA.

Group	2021 £ 000	2020 £ 000
Increase in stock capitalisation threshold	-	(850)
Acquisition of Healthcare	-	(1,580)
Costs associated with re-branding	(339)	(347)
Creation of onerous lease provision	-	(306)
Legal fees associated with acquisition	-	(27)
Costs associated with restructure	(258)	-
Dilapidation review	662	-
Strategic projects	(1,350)	-
	(1,285)	(3,110)

Increase in stock capitalisation threshold
The Group increased its capitalisation threshold to £100 per unit relating to low value consumables which resulted in the write off of £850k of stock during the prior period.

Acquisition of equity interest in Practice Plus Group Holdings Limited
In the prior period, the Group incurred certain costs relating to the acquisition of the Healthcare business in October 2019 including bonuses and setting up the new capital structure.

Costs associated with re-brand exercise
On the 1st October 2020, the Group officially re-branded as the Practice Plus Group and incurred £339k of costs relating to the re-brand (2020: £347k).

Creation of onerous lease provision
In the prior period, the Group has exited one of its leased sites and has recognised a provision for £306k relating to the unavoidable costs under the lease until the termination of the lease agreement.

Legal fees associated with acquisition
In the prior period, the Group bought out the other partners in a joint operation relating to opthamology services. The legal fees associated with this purchase totalled £27k and were expensed during the period.

Costs associated with restructure
The Group incurred £258k of costs relating to New Services due to the Well Watch project being paused in current year.

Dilapidation review
The Group undertook a review of dilapidation in the Integrated Urgent Care service which led to a release of £662k of dilapidation provisions.

Strategic projects
The Group incurred £1,350k relating to strategic projects during the year.

6 Operating profit/(loss)

Arrived at after charging/(crediting)

Group	2021 £ 000	(Restated) 2020 £ 000
Depreciation expense	(6,086)	(5,684)
Depreciation on right of use assets - Vehicles	(215)	(179)
Depreciation on right of use assets - Property	(7,072)	(7,091)
Depreciation on right of use assets - Other	(7)	(7)
Amortisation expense	(8,348)	(9,485)
Profit on disposal of property, plant and equipment	81	32
Reversal of impairment/(impairment) of tangible assets	1,843	(2,381)
Reversal of impairment/(impairment) of intangible assets	6,462	(7,783)
Impairment of goodwill	-	(8,412)
Cost of inventory recognised as an expense	(28,139)	(18,059)

7 Finance income and costs

Group	2021 £ 000	(Restated) 2020 £ 000
Finance income		
Other finance income	25	24
Finance costs		
Interest on Revolving Credit Facility	(157)	(225)
Other finance costs	(438)	(145)
Interest expense on leases	(2,130)	(2,367)
Loans from related party	(2,793)	(2,744)
Total finance costs	(5,518)	(5,481)
Net finance costs	(5,493)	(5,457)

8 Staff numbers and costs

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

Group	2021 £ 000	2020 £ 000
Wages and salaries	158,559	138,861
Social security costs	14,979	9,226
Pension costs	5,396	3,431
Redundancy costs	690	138
	179,624	151,656

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

	2021 No.	2020 No.
Administration and support	1,609	1,548
Medical professionals and support staff	4,401	4,191
	6,010	5,739

9 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Remuneration	1,214	874
Contributions paid to money purchase schemes	1	9
	1,215	883

During the year the number of Directors who were receiving benefits and share incentives was as follows:

	2021 No.	2020 No.
Accruing benefits under money purchase pension scheme	1	1

In respect of the highest paid Director:

	2021 £ 000	2020 £ 000
Remuneration	617	441

10 Auditors' remuneration

	2021 £ 000	2020 £ 000
Amount payable in respect of the audit of the Group and its subsidiaries	273	259
Other fees to auditors		
Tax advisory work	-	21
Modelling assistance	-	4
	-	25
Total fees paid to auditor	273	284

The amounts payable to the auditor relating to the audit of the Company was £2,538 (2020: £2,500).

11 Income tax

Tax charged/(credited) in the income statement

Group	2021 £ 000	(Restated) 2020 £ 000
Current taxation		
Corporation tax relating to the current period	2,876	1,676
UK corporation tax adjustment to prior periods	(11)	-
	2,865	1,676
Deferred taxation		
Deferred tax relating to the current period	1,512	(2,646)
Deferred tax change arising from rate change	4,047	1,506
Deferred tax arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	368	-
Total deferred taxation	5,927	(1,140)
Tax expense in the income statement	8,792	536

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

Group	2021 £ 000	(Restated) 2020 £ 000
Profit/(loss) before tax	22,662	(18,644)
Corporation tax at standard rate of 19% (2020: 19%)	4,306	(3,542)
Decrease in current tax from adjustment for prior periods	(11)	-
Decrease from effect of capital allowances depreciation	(281)	-
Decrease/(increase) from effect of revenues exempt from taxation	70	(33)
Increase from effect of expenses not deductible in determining taxable profit (taxable loss)	597	2,501
Tax decrease from utilisation of tax losses	(304)	-
Deferred tax expense from unrecognised tax loss or credit	-	104
Deferred tax expense from unrecognised temporary difference from a prior period	368	-
Deferred tax expense relating to changes in tax rates or laws	4,047	1,506
Total tax charge	8,792	536

11 Income tax (continued)

The standard rate of corporation tax in the UK was 19% throughout the accounting period.

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 2021 have been calculated using the appropriate tax rate based on when the underlying balance is expected to crystallise (2020:19%). For the majority of deferred tax balances, a rate of 19% have been used and reflected in these financial statements. 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 24.1% and IFRS 9 financial asset spreading has been recognised in full at the 25% rate.

Amounts recognised in other comprehensive income

		2021			**2020**	
	Before tax £ 000	**Tax (expense) benefit £ 000**	**Net of tax £ 000**	**Before tax £ 000**	**Tax (expense) benefit £ 000**	**Net of tax £ 000**
Remeasurements of post employment benefit obligations (net)	(4)	1	(3)	23	(4)	19

Deferred tax

Group

Deferred tax assets and liabilities

2021	**Asset £ 000**	**Liability £ 000**	**Net deferred tax £ 000**
Accelerated tax depreciation	1,367	-	1,367
Amortisation	-	(19,110)	(19,110)
Pension benefit obligations	55	-	55
Other items	132	-	132
Transition adjustments arising from first time adoption	45	-	45
	1,599	(19,110)	(17,511)

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

11 Income tax (continued)

2020	**Asset £ 000**	**Liability £ 000**	**Net deferred tax £ 000**
Accelerated tax depreciation	3,223	-	3,223
Amortisation	-	(15,315)	(15,315)
Pension benefit obligations	54	-	54
Other items	430	-	430
Transition adjustments arising from first time adoption	23	-	23
	3,730	(15,315)	(11,585)

Deferred tax movement during the year:

	At 1 October 2020 £ 000	**Recognised in income £ 000**	**Recognised in other comprehensive income £ 000**	**At 30 September 2021 £ 000**
Accelerated tax depreciation	3,223	(1,856)	-	1,367
Amortisation	(15,315)	(3,795)	-	(19,110)
Pension benefit obligations	54	-	1	55
Other items	430	(298)	-	132
Transition adjustments arising from first time adoption	23	22	-	45
Net tax assets/(liabilities)	(11,585)	(5,927)	1	(17,511)

Deferred tax movement during the prior year:

	At 8th October 2019 £ 000	**Recognised in income £ 000**	**Recognised in other comprehensive income £ 000**	**Arising on business combination £ 000**	**At 30 September 2020 £ 000**
Accelerated tax depreciation	-	342	-	2,881	3,223
Amortisation	-	753	-	(16,068)	(15,315)
Pension benefit obligations	-	74	(4)	(16)	54
Other items	-	(52)	-	482	430
Transition adjustments arising from first time adoption	-	23	-	-	23
Net tax assets/(liabilities)	-	1,140	(4)	(12,721)	(11,585)

There are £124,103 of deductible temporary differences (2020 - £625,068) for which no deferred tax asset is recognised in the statement of financial position.

12 Intangible assets

Group (Restated)

	Goodwill £ 000	Costs incurred in fulfilling contracts £ 000	Software £ 000	Other intangible assets £ 000	Total £ 000
Cost or valuation					
At 8 October 2019	-	-	-	-	-
Acquired through business combinations	149,770	2,490	989	94,520	247,769
Additions	-	136	263	2,869	3,268
At 30 September 2020	149,770	2,626	1,252	97,389	251,037
At 1 October 2020	149,770	2,626	1,252	97,389	251,037
Additions	-	1,484	390	-	1,874
At 30 September 2021	149,770	4,110	1,642	97,389	252,911
Amortisation					
At 8 October 2019	-	-	-	-	-
Amortisation charge	-	(1,423)	(536)	(7,526)	(9,485)
Impairment	(8,412)	(670)	(520)	(6,593)	(16,195)
At 30 September 2020	(8,412)	(2,093)	(1,056)	(14,119)	(25,680)
At 1 October 2020	(8,412)	(2,093)	(1,056)	(14,119)	(25,680)
Amortisation charge	-	(624)	(150)	(7,574)	(8,348)
Impairment reversal	-	270	195	5,997	6,462
At 30 September 2021	(8,412)	(2,447)	(1,011)	(15,696)	(27,566)
Carrying amount					
At 30 September 2021	141,358	1,663	631	81,693	225,345
At 30 September 2020	141,358	533	196	83,270	225,357

The intangible assets acquired through business combination of £247,769k related to the acquisition of Practice Plus Group Holdings Limited. See note 16 for further details.

The additions in the prior period of £2,869k related to the payments made to a supplier to terminate a shared profit agreement relating to the provision of ophthalmology services.

12 Intangible assets (continued)

The Group has allocated goodwill to the following cash generating units:

	2021 £ 000	2020 £ 000
Health in Justice	107,727	107,727
Secondary Care	33,631	33,631
	141,358	141,358

Intangible assets comprise the value attributed to ongoing customer relationships within acquired businesses and are amortised over their estimated useful economic lives, which do not exceed twelve years at inception. The useful economic life is determined by reference to the life of the associated contract.

Management believes that goodwill represents value to the Group for which the recognition of a discrete intangible asset is not permitted.

12 Intangible assets (continued)

Impairment testing of intangible assets
The Group has considered the impact of the current economic and market conditions in determining the appropriate discount rate to use in value in use calculations for impairment testing and has applied the following discount rates:

Secondary Care and Health in Justice : 9.1% (2020: 8.3%)
Integrated Urgent Care: 7.9% (2020: 7.1%)
New Services: 12.1% (2020: 11.3%)

The budget and forecast business plans include assumptions of the level of certain key drivers that are assumed to be met to achieve revenue and EBITDA projections as follows:
• Contract retention rates
• Elective surgery referrals
• Inflation

Whilst management is confident that its assumptions are appropriate in light of circumstances at the time of the review, it is possible that circumstances may change. The recoverable amounts calculated on the above basis significantly exceed the carrying values of the cash generating units that include goodwill to the extent that the assumptions made would need to change by a significant amount to eliminate the surplus. As a sensitivity, if discount rates were to increase by 1.0% then the overall Group value in use would reduce by £35m.

(a) Method of impairment testing
The recoverable amount of goodwill and intangible assets allocated to the cash generating units has been determined based on the higher of fair value less costs of disposal and the calculation of the value in use.

For the purposes of calculating the value in use of cash generating units containing goodwill, cash flow projections based on actual operating results and the budget and forecast business plan for the annual plan period of one year with assumed growth of 2% for a further four year period. A terminal value is placed on the value of the annual cash flows in year five. No adjustment is made for the projected terminal value of the net assets of the individual cash-generating units. Cash flows associated with post acquisition investment are included within the calculation. For the purposes of calculating value in use of cash generating units containing other intangible assets, cash flow projections over the remaining life of the underlying contracts, together with extensions based on management's probability weighted expectation of contract renewal where appropriate have been used.

All cash flow projections are based on financial budgets and projections prepared by senior management and approved by the Board of Directors.

Where recoverable amount has been determined using fair value, fair value has been determined using external sources including comparable transactions using profitability/revenue multiples.

Following completion of the impairment test in the prior year, an impairment loss of £8,412k relating to goodwill and an impairment loss of £7,783k were recognised during the period in respect of the goodwill and intangible assets relating to the Integrated Urgent Care and New Services cash generating units.

During the current year, the impairment loss relating to the intangible assets has been partially reversed to a value of £6,462k.

13 Property, plant and equipment

Group (Restated)

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Assets under construction £ 000	IT equipment £ 000	Total £ 000
Cost or valuation					
At 8 October 2019	-	-	-	-	-
Acquired through business combinations	4,948	10,690	1,485	628	17,751
Additions	392	5,591	1,871	148	8,002
Disposals	(104)	(3)	-	-	(107)
Transfers	(118)	-	(62)	180	-
At 30 September 2020	5,118	16,278	3,294	956	25,646
At 1 October 2020	5,118	16,278	3,294	956	25,646
Additions	-	5,278	2,751	421	8,450
Disposals	(27)	-	-	-	(27)
Transfers	-	-	14	(14)	-
At 30 September 2021	5,091	21,556	6,059	1,363	34,069
Depreciation					
At 8 October 2019	-	-	-	-	-
Charge for year	(1,773)	(3,528)	-	(383)	(5,684)
Eliminated on disposal	-	(6)	-	-	(6)
Impairment	(412)	(223)	(1,685)	(61)	(2,381)
Transfers	108	-	-	(108)	-
At 30 September 2020	(2,077)	(3,757)	(1,685)	(552)	(8,071)
At 1 October 2020	(2,077)	(3,757)	(1,685)	(552)	(8,071)
Charge for the year	(1,048)	(4,743)	-	(295)	(6,086)
Impairment reversal	243	124	1,451	25	1,843
Transfers	-	(30)	-	30	-
At 30 September 2021	(2,882)	(8,406)	(234)	(792)	(12,314)
Carrying amount					
At 30 September 2021	2,209	13,150	5,825	571	21,755
At 30 September 2020	3,041	12,521	1,609	404	17,575

13 Property, plant and equipment (continued)

In the prior year, the Group identified the global COVID-19 pandemic as an impairment trigger and hence carried out impairment tests across all cash generating units. Following completion of the impairment test, an impairment loss of £3,570k relating to tangible fixed assets was recognised during the period in respect of assets relating to the Integrated Urgent Care and New Services cash generating units. In the current year, the Group has considered whether there have been any changes in operating or market conditions which indicate that this impairment should be reversed and have reversed the impairment by £1,843k.

See note 12 for full details of the methodology and assumptions applied in the impairment testing process which covers both intangible and tangible assets.

14 Right of use assets

Group

	Vehicles £ 000	Property £ 000	Other £ 000	Total £ 000
Cost or valuation				
At 8 October 2019	-	-	-	-
Arising on business combination	248	62,602	19	62,869
Additions	260	1,332	-	1,592
Disposals	-	(1,981)	-	(1,981)
At 30 September 2020	508	61,953	19	62,480
At 1 October 2020	508	61,953	19	62,480
Additions	258	947	-	1,205
At 30 September 2021	766	62,900	19	63,685
Depreciation				
At 8 October 2019	-	-	-	-
Charge for year	(179)	(7,091)	(7)	(7,277)
At 30 September 2020	(179)	(7,091)	(7)	(7,277)
At 1 October 2020	(179)	(7,091)	(7)	(7,277)
Charge for the year	(215)	(7,072)	(7)	(7,294)
At 30 September 2021	(394)	(14,163)	(14)	(14,571)
Carrying amount				
At 30 September 2021	372	48,737	5	49,114
At 30 September 2020	329	54,862	12	55,203

15 Investments

Summary of Company investments

	30 September 2021 £ 000	30 September 2020 £ 000
Investments in subsidiaries	115,600	115,600

Subsidiaries	**£ 000**
Cost or valuation	
At 8 October 2019	-
Additions	115,600
At 30 September 2020	115,600
At 1 October 2020	115,600
At 30 September 2021	115,600
Carrying amount	
At 30 September 2021	115,600
At 30 September 2020	115,600

Details of the Group subsidiaries as at 30 September 2021 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2021	2020
Practice Plus Group Limited	Dormant	United Kingdom	100%	100%
Practice Plus Group Holdings Limited	Support function	United Kingdom	100%	100%
Practice Plus Group Primary Care Limited	Primary care services	United Kingdom	100%	100%
Shepton Mallet Health Partnership Limited	Medical Services	United Kingdom	51%	51%
Practice Plus Group Hospitals Limited	Medical Services	United Kingdom	100%	100%
Practice Plus Group Community Diagnostics Limited	Non trading	United Kingdom	100%	100%

15 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2021	2020
Practice Plus Group Pharmacy Services Limited	Pharmacy Services	United Kingdom	100%	100%
Practice Plus Group Urgent Care Holdings Limited	Holding Company	United Kingdom	100%	100%
Practice Plus Group H4H Limited	Dormant	United Kingdom	100%	100%
Practice Plus Group Health and Rehabilitation Services Limited	Prison Healthcare	United Kingdom	100%	100%
Practice Plus Group Urgent Care Limited	Primary Care Services	United Kingdom	100%	100%
Suffolk Integrated Healthcare Limited	Dormant	United Kingdom	51.47%	51.47%
Practice Plus Group Bidco Limited	Holding Company	United Kingdom	100%	100%
Practice Plus Group Midco 1 Limited	Holding Company	United Kingdom	100%	100%
Practice Plus Group Midco 2 Limited	Holding Company	United Kingdom	100%	100%

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

16 Business combination

On 25 October 2019, the Group acquired 100% of the issued share capital of Practice Plus Group Holdings Limited, obtaining control. The principal activity of Practice Plus Group Holdings Limited is the provision of healthcare services.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	(Restated) At 25th October 2019 £ 000
Assets and liabilities acquired	
Right of use asset	62,869
Property, plant and equipment	17,751
Identifiable intangible assets	97,999
Cash	7,899
Financial assets	25,848
Inventory	1,860
Financial liabilities	(69,339)
Finance lease liability	(62,869)
Deferred tax	(12,721)
Provisions	(5,702)
Corporation tax	(782)
Pensions	(383)
Total identifiable assets	62,430
Goodwill	149,770
Total consideration	212,200
Satisfied by:	
Cash	212,200
Cash flow analysis:	
Cash consideration	212,200
Less: cash and cash equivalent balances acquired	(7,899)
Net cash outflow arising on acquisition	204,301

The goodwill of £149,770k arising from the acquisition consists of the potential for contract extensions outside the contract renewal assumptions included in the intangible contract assets, and the potential to leverage our existing processes and expertise to acquire future contracts through competitive tender processes. None of the goodwill is expected to be deductible for income tax purposes.

17 Inventories

	Group		Company	
	30 September 2021 £ 000	30 September 2020 £ 000	30 September 2021 £ 000	30 September 2020 £ 000
Medical consumables	902	909	-	-

During the prior year, the Group reduced its capitalisation threshold for low value consumables to £100. This resulted in a charge to the profit and loss account during the period of £850k which has been included within non-recurring items.

18 Trade and other receivables

Current

	Group		Company	
	30 September 2021 £ 000	30 September 2020 £ 000	30 September 2021 £ 000	30 September 2020 £ 000
Trade receivables	12,504	7,021	-	-
Provision for impairment of trade receivables	(348)	(968)	-	-
Net trade receivables	12,156	6,053	-	-
Loans from subsidiary undertakings	-	-	185	164
Loans to related parties	1,315	948	1,407	949
Prepayments	4,363	5,172	-	-
Other receivables	2,341	1,042	1	-
Accrued income	9,161	2,883	-	-
Income tax asset	1,268	372	-	-
	30,604	16,470	1,593	1,113

The Group's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk review note.

18 Trade and other receivables (continued)

Trade receivables above include amounts (detailed below) that are past due at the end of the reporting period and which an allowance for doubtful debts has not been recognised as the amounts are still considered recoverable and there hasn't been a significant change in credit quality.

Age of trade receivables that are past due but not impaired	Group		Company	
	30 September 2021 £ 000	30 September 2020 £ 000	30 September 2021 £ 000	30 September 2020 £ 000
0 to 30 days	807	505	-	-
31 to 60 days	766	416	-	-
61 to 90 days	90	321	-	-
91 to 120 days	46	330	-	-
Over 120 Days	287	803	-	-
	1,996	2,375	-	-

19 Cash and cash equivalents

	Group		Company	
	30 September 2021 £ 000	30 September 2020 £ 000	30 September 2021 £ 000	30 September 2020 £ 000
Cash on hand	1	1	-	-
Cash at bank	19,013	26,341	-	-
	19,014	26,342	-	-

Restricted cash balances held by the Group

	30 September 2021 £ 000	30 September 2020 £ 000
Restricted cash	-	2,000

As part of the amendments to the Revolving Credit Facility during the year, the requirement to maintain a minimum cash reserve has been removed. See note 21 for further details.

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

20 Trade and other payables

	Group		Company	
	30 September 2021 £ 000	Restated 30 September 2020 £ 000	30 September 2021 £ 000	30 September 2020 £ 000
Trade payables	(36,039)	(21,658)	-	-
Accruals	(43,866)	(31,317)	-	-
Social security and other taxes	(4,816)	(4,350)	-	-
Other payables	(977)	(1,176)	-	-
Deferred income	(10,526)	(10,145)	-	-
	(96,224)	(68,646)	-	-

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

21 Loans and borrowings

	Group		Company	
	30 September 2021 £ 000	30 September 2020 £ 000	30 September 2021 £ 000	30 September 2020 £ 000
Non-current loans and borrowings				
Fees relating to the Revolving Credit Facility	44	339	-	-
Loans from related parties	(65,538)	(102,744)	-	-
	(65,494)	(102,405)	-	-

As part of the financing arrangements pertaining to the acquisition of Practice Plus Group Holdings Limited, the Group has borrowed £100.0m in loan notes in two tranches from Bridgepoint: £46.6m at zero coupon and £53.4m at 5.5%. Both loans are due to mature in 2029. During the year ended 30 September 2021, the Group repaid £40.0m of the £53.4m tranche.

21 Loans and borrowings (continued)

Bank borrowings

On the 25th October 2019, the Group entered into a £10m Revolving Credit Facility ("RCF"). The RCF attracts interest at LIBOR +2.5% and had a maturity of 25th October 2022. The RCF attracts a financial covenant of £10m minimum consolidated EBITDA, alongside the requirement to supply the lenders with certain financial information within specific deadlines. The RCF is guaranteed on the assets of material subsidiaries of the Group which is defined as all subsidiaries which contribute more than 5% of EBITDA.

Following the COVID-19 pandemic which impacted globally from March 2020, the Group took precautionary steps to increase its liquidity given the uncertainties in the market. The RCF was extended by another £10m for a period of two years from agreed changes and the £10m EBITDA financial covenant was waived to the period ending 31st December 2021. A new financial covenant was put in place which stipulated the Group must maintain a £2m cash reserve.

On the 9th August 2021, following a strong period of EBITDA and increased cash reserves, the Group cancelled the £10m RCF extension, and reduced the original RCF to £5m. The original financial covenant of £10m minimum consolidated EBITDA was restored and the requirement of the Group to maintain a £2m cash reserve was removed and replaced with a £5m overdraft facility.

At 30 September 2021, the Group had no borrowings outstanding under the £5m RCF facility and the £5m overdraft remains undrawn.

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note.

22 Other provisions

Group

	Onerous contracts £ 000	Dilapidation provisions £ 000	Total £ 000
At 8 October 2019	-	-	-
Increase through business combinations	(226)	(5,476)	(5,702)
Additional provisions	-	(5)	(5)
Increase in existing provisions	(307)	-	(307)
Provisions used	80	-	80
Unused provision reversed	-	732	732
Increase due to change in discount rate	-	(44)	(44)
At 30 September 2020	(453)	(4,793)	(5,246)
Non-current liabilities	(370)	(4,145)	(4,515)
Current liabilities	(83)	(648)	(731)

	Onerous contracts £ 000	Dilapidation provisions £ 000	Total £ 000
At 1 October 2020	(453)	(4,793)	(5,246)
Increase in existing provisions	-	(51)	(51)
Provisions used	80	-	80
Unused provision reversed	-	662	662
Increase due to passage of time or unwinding of discount	-	(36)	(36)
At 30 September 2021	(373)	(4,218)	(4,591)
Non-current liabilities	(291)	(4,218)	(4,509)
Current liabilities	(82)	-	(82)

The provision for dilapidations relates to the estimated value of obligations in lease agreements to put the leased property back to the state in which it was originally leased. The estimated value has been adjusted for inflation and has been discounted, accruing interest at the WACC of 0.2% for those obligations arising within 5 years and 1.6% for those obligations arising in more than 5 years. The provision is expected to unwind over a period to 2035.

The provision for onerous contracts relates principally to two sites which the Group has vacated or intends to vacate prior to the end of the lease date and represents the present value of future cash flows associated with those sites.

23 Pension and other schemes

Defined benefit pension schemes

The Group operates four defined benefit pension schemes mainly for the benefit of employees who have transferred into the Group on TUPE protected terms. These four schemes are all sub-schemes of wider schemes which are administered by separate trustees. The Group is responsible for making good any deficit within these schemes which introduces a number risks including interest rate risk; inflation risk; investment risk and longevity risk. These risks are managed through appropriate investment and funding strategies.

Prudential Platinum: This scheme has no active members. Its last actuarial valuation was performed at 31 December 2019.

Federated Pension Plan: The Group operates three different sub sections including Urgent Care, Hospitals and Health & Rehabilitation Services. The Hospitals sub scheme was established on 1 September 2019 for the benefit of some specific individuals. The Urgent Care and Health Rehabilitation Services sections had their most recent triennial valuations at 5 April 2019. All three schemes have active members.

The Group notes the further High Court judgement issued on 20 November 2020 relating to Guaranteed Minimum Pension ("GMP") equalisation. However this will not have any impact on the Group's results as although the plans were contracted out, there were no liabilities in respect of pre 6 April 1997 service and therefore no GMP liabilities so is unaffected by this legislation.

Prudential Platinum

The Company participates in the Prudential Platinum Pension - Practice Plus Group Hospitals Limited, a funded defined benefit pension Sub-Scheme in the UK. The Sub-Scheme is administered within a trust which is legally separate from the Company. The Sub-Scheme is set up on a tax relieved basis as a separate trust independent of the Company any is supervised by an independent Trustee. The Trustee is responsible for ensuring that the correct benefits are paid, that the Sub-Scheme is appropriately funded and that Sub-Scheme assets are appropriately invested.

This Sub-Scheme provides pensions and lump sums to members on retirement and to their dependants on death. Members who leave service before retirement are entitled to a deferred pension. The Sub-Scheme closed to accrual of benefits on 30 April 2015.

Regular actuarial valuations of the Sub-Scheme are carried out on a regular basis: usually every three years. These valuations determine the contributions that the Company pays into the Sub-Scheme to ensure it is fully funded. The next actuarial valuation is due to be carried out with an effective date of 31 December 2022.

Responsibility for making good any deficit within the Sub-Scheme lies with the Company and this introduces a number of risks for the Company. The major risks are: interest rate risk; inflation risk; investment risk; longevity risk. The Company and Trustee are aware of these risks and manage them through appropriate investment and funding strategies. The Trustee manages governance and operational risks through a number of internal controls policies, including a risk register.

There was a bulk transfer out of a single member which has been allowed for as a settlement during the period.

Contributions payable to the pension scheme at the end of the year are £Nil (2020 - £Nil).

The expected contributions to the plan for the next reporting period are £52k.

23 Pension and other schemes (continued)

The scheme was most recently valued on 31 December 2019.

Federated Pension Plan: Urgent Care
The Urgent Care section of the Federated Pension Plan has 48 past and 6 active 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 have been no amendments, curtailments or settlements during the year.

The Company has agreed to pay deficit repair contributions of £9.6k per month until 31 March 2023 in addition to £2.4k per month for expenses.

Contributions payable to the pension scheme at the end of the year are £Nil (2020 - £Nil).

The expected contributions to the plan for the next reporting period are £154k.

The scheme was most recently valued on 5 April 2019. The scheme showed a deficit of £311k.

Federated Pension Plan: Hospitals
The Hospitals section of the Federated Pension Plan has 15 active 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 have been no amendments, curtailments or settlements during the year.

Contributions payable to the pension scheme at the end of the year are £Nil (2020 - £Nil).

The expected contributions to the plan for the next reporting period are £188k.

An initial actuarial valuation was carried out at 1 September 2019 when the scheme was established in order to agree a funding plan.

Federated Pension Plan: Health & Rehabilitation Services
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 period.

Contributions payable to the pension scheme at the end of the year are £Nil (2020 - £Nil).

The expected contributions to the plan for the next reporting period are £49k.

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

23 Pension and other schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

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

	Prudential Platinum 30 September 2021 £ 000	FPP: Health & Rehabilitation Services 30 September 2021 £ 000	FPP: Hospitals 30 September 2021 £ 000	FPP: Urgent Care 30 September 2021 £ 000	Total 30 September 2021 £ 000
Fair value of scheme assets	2,879	2,380	850	2,696	8,805
Present value of scheme liabilities	(2,351)	(2,781)	(1,352)	(2,615)	(9,099)
Defined benefit pension scheme surplus/(deficit)	528	(401)	(502)	81	(294)

	Prudential Platinum 30 September 2020 £ 000	FPP: Health & Rehabilitation Services 30 September 2020 £ 000	FPP: Hospitals 30 September 2020 £ 000	FPP: Urgent Care 30 September 2020 £ 000	Total 30 September 2020 £ 000
Fair value of scheme assets	2,979	2,333	591	2,425	8,328
Present value of scheme liabilities	(2,392)	(2,745)	(893)	(2,580)	(8,610)
Defined benefit pension scheme surplus/(deficit)	587	(412)	(302)	(155)	(282)

The disclosures required by IAS19 have been prepared on an aggregated basis rather than on a scheme basis on the grounds that none of the schemes are individually significant.

23 Pension and other schemes (continued)

Scheme assets

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

	30 September 2021 £ 000	30 September 2020 £ 000
Fair value at start of year	8,328	-
Interest income	137	140
Return on plan assets, excluding amounts included in interest income/(expense)	156	51
Actuarial gains and losses arising from changes in financial assumptions	43	(4)
Employer contributions	433	618
Contributions by scheme participants	49	205
Benefits paid	(198)	(225)
Assets acquired in business combinations	-	7,575
Assets distributed on settlements	(93)	-
Administrative expenses paid	(50)	(32)
Fair value at end of year	8,805	8,328

Analysis of assets

The major categories of scheme assets are as follows:

	30 September 2021 £ 000	30 September 2020 £ 000
Cash and cash equivalents	104	81
Equity instruments	4,060	3,513
Debt instruments	4,641	4,734
	8,805	8,328

Actual return on scheme's assets

	30 September 2021 £ 000	30 September 2020 £ 000
Actual return on scheme assets	336	187

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.

23 Pension and other schemes (continued)

Scheme liabilities

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

	30 September 2021 £ 000	30 September 2020 £ 000
Present value at start of year	(8,610)	-
Current service cost	(383)	(466)
Past service cost	(5)	-
Actuarial gains and losses arising from changes in demographic assumptions	8	57
Actuarial gains and losses arising from changes in financial assumptions	(296)	(424)
Actuarial gains and losses arising from experience adjustments	85	343
Interest cost	(143)	(147)
Benefits paid	198	225
Contributions by scheme participants	(49)	(205)
Liabilities assumed in business combinations	-	(7,958)
Liabilities extinguished on settlements	99	-
Effect of curtailments	(3)	(35)
Present value at end of year	(9,099)	(8,610)

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 below. These assumptions are the average assumptions across all four defined benefit schemes.

	30 September 2021 %	30 September 2020 %
Discount rate	2	2
Future salary increases	3	2
RPI Inflation	4	3

Post retirement mortality assumptions

	30 September 2021 Years	30 September 2020 Years
Current UK pensioners at retirement age - female	89	89
Current UK pensioners at retirement age - female	89	89
Future UK pensioners at retirement age - male	88	88
Future UK pensioners at retirement age - female	90	90

23 Pension and other schemes (continued)

Amounts recognised in the income statement

	30 September 2021 £ 000	30 September 2020 £ 000
Amounts recognised in operating profit		
Current service cost	383	466
Past service cost	5	-
Recognised in arriving at operating profit	388	466
Amounts recognised in finance income or costs		
Net interest	6	7
Total recognised in the income statement	394	473

Amounts taken to the Statement of Comprehensive Income

	30 September 2021 £ 000	30 September 2020 £ 000
Actuarial gains and losses arising from changes in demographic assumptions	8	57
Actuarial gains and losses arising from changes in financial assumptions	(296)	(424)
Actuarial gains and losses arising from experience adjustments	85	343
Return on plan assets, excluding amounts included in interest income/(expense)	199	47
Amounts recognised in the Statement of Comprehensive Income	(4)	23

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

Adjustment to discount rate	30 September 2021 + 0.1% £ 000	30 September 2020 + 0.1% £ 000
Present value of total obligation	134	137

23 Pension and other schemes (continued)

Adjustment to rate of inflation	30 September 2021 + 0.1% £ 000	30 September 2020 + 0.1% £ 000
Present value of total obligation	128	137

Adjustment to mortality age rating assumption	30 September 2021 + 1 Year £ 000	30 September 2020 + 1 Year £ 000
Present value of total obligation	92	110

24 Share capital

The Company has issued 115,600,000 ordinary shares with nominal value of £1 per share (2020: 115,600,000 shares of £1 each). Total ordinary share capital has a carrying value of £115,600,000 (2020: £115,600,000).

During the period 36,000 B Ordinary shares having an aggregate nominal value of £36,000 were purchased by management for an aggregate consideration of £463,320. Total B ordinary share capital has a carrying value of £200,000 (2020: £164,000) See note 26 for further details.

25 Leases

The Group uses leases across its business as a means of obtaining the right of use assets without taking on legal ownership. These primarily include leases relating to property within Secondary Care and Integrated Urgent Care as well as leases relating to vehicles. Lease payments are generally fixed with annual rent reviews linked to inflation. The Group does not have any leases with variable payments based on any other indices or inputs.

The right of use asset relating to leased assets is disclosed separately on the face of the Statement of Financial Position.

There are no leases within the Company.

25 Leases (continued)

Group

Lease liabilities maturity analysis

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

	30 September 2021 £ 000	30 September 2020 £ 000
Less than one year	8,436	8,616
2 years	5,711	8,115
3 years	5,124	5,431
4 years	4,457	4,850
5 years	4,148	4,262
6 years	3,974	3,984
7 years	3,411	3,902
8 years	2,873	3,411
9 years	2,873	2,873
10 years	2,873	2,873
Between 10 to 15 years	10,738	11,463
More than 15 years	15,442	17,591
Lease liabilities (undiscounted)	**(70,060)**	**(77,371)**
Impact of discounting	19,207	21,209
Lease liabilities (discounted)	**(50,853)**	**(56,162)**

Total cash outflows related to leases

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

Payment	30 September 2021 £ 000	30 September 2020 £ 000
Right of use assets	8,851	8,780

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

Amounts included in profit or loss:	30 September 2021 £ 000	30 September 2020 £ 000
Rent	(8,672)	(9,385)
Unwinding of discount	2,130	2,367
Depreciation right of use asset	7,294	7,277
Total charge	752	259

26 Share-based payments

On the purchase of Practice Plus Group Holdings Limited (formerly Care UK Healthcare Holdings Ltd) on 25th October 2019, certain senior management were invited to become shareholders in the Company. These management were entitled to purchase B Ordinary shares at a price reflecting the fair value of the shares on the date of issue and the terms and conditions attached to the shares. The fair value of the shares acquired was measured at the grant date using the estimated enterprise value of the business, and market conditions such as the management estimate of exit date. These shares entitle management to a certain level of return in the case of any sale by the controlling party, subject to certain value thresholds being met. To qualify, the management must be employed by the Group at the point of sale. If management leave the business, then it is anticipated that their shares will be repurchased by either other employees or the employee benefit trust.

These shares have been accounted for as equity settled share based payments. The issue of the shares resulted in an increase in equity for the fair value of the shares issued. Given management paid fair value for the equity instruments, there was no impact in the income statement. In total 164,000 shares were issued at a price of £6.65 each. During the financial year 2021 an additional 36,000 shares were issued at a price considered to be fair value of £12.87 each. Management subscribed a certain element of cash relating to the shares, with the balance representing a loan to the Company, payable at the point of any future sale. See note 30 for details of related party transactions.

27 Contingent liabilities

Group

In the event that the Group fails to comply with covenants in the Revolving Credit Facility, then the assets of certain guarantee companies within the Group could be surrendered to the Lenders in settlement of any liabilities unpaid. At 30 September 2021, there is a nil balance outstanding to Lenders.

The Group has been in negotiation with the NHS regarding certain employees who are in receipt of defined pension benefits. These specific employees were working in services which the Group is no longer party to and therefore there is an expectation that the defined benefit liabilities should be transferred back to the NHS. Agreement has not yet been reached about whether any top-up payment is required.

HMRC are currently reviewing the employment status of self-employed clinicians working in the Out of Hours business as part of a sector-wide review of employment status within the Healthcare sector. HMRC have not yet provided any indication of any individuals or groups that they consider should be treated as employed and are currently reviewing contracts and working practices to establish all the facts. If HMRC conclude that certain individuals or groups should have been engaged as employees for tax purposes, the Group will be liable for any historic income tax and national insurance contributions which have not been settled by the individuals themselves.

28 Analysis of changes in net debt

Group

	At 1 October 2020 £ 000	Financing cash flows £ 000	Acquisition of subsidiaries £ 000	Accrued interest £ 000	Operating Cashflow £ 000	At 30 September 2021 £ 000
Cash and cash equivalents						
Cash	26,342	-	-	-	(7,328)	19,014
	26,342	-	-	-	(7,328)	19,014
Borrowings						
Long term borrowings	(102,744)	40,000	-	(2,794)	-	(65,538)
	(102,744)	40,000	-	(2,794)	-	(65,538)
	(76,402)	40,000	-	(2,794)	(7,328)	(46,524)

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

28 Analysis of changes in net debt (continued)

	At 8 October 2019 £ 000	Financing cash flows £ 000	Acquisition of subsidiaries £ 000	Accrued interest £ 000	Operating Cashflow £ 000	At 30 September 2020 £ 000
Cash and cash equivalents						
Cash	-	-	7,899	-	18,443	26,342
	-	-	7,899	-	18,443	26,342
Borrowings						
Long term borrowings	-	(100,000)	-	(2,744)	-	(102,744)
Total net debt	-	(100,000)	7,899	(2,744)	18,443	(76,402)

29 Financial risk review

Group

This note presents information about the Group's exposure to financial risks and the Group's management of capital.

Liquidity risk

Maturity analysis for financial liabilities and financial assets

The following table sets out the remaining contractual maturities of the Group's financial liabilities and financial assets by type.

2021 **Non-derivative assets**	**Carrying amount** **£ 000**	**Less than 1 month** **£ 000**	**1-3 months** **£ 000**	**3 months - 1 year** **£ 000**	**1-5 years** **£ 000**
Trade receivables	12,504	12,504	-	-	-
Accrued income	9,161	2,347	1,234	5,580	-
Other receivables	3,656	3,536	-	-	120
Cash and short-term deposits	19,014	19,014	-	-	-

2021 **Non-derivative liabilities**	**Carrying amount** **£ 000**	**Less than 1 month** **£ 000**	**1-3 months** **£ 000**	**3 months - 1 year** **£ 000**	**1-5 years** **£ 000**
Trade creditors	(36,039)	(20,314)	(3,783)	(11,942)	-
Accruals	(43,866)	(14,533)	(23,831)	(3,703)	(1,799)
Other payables	(977)	(977)	-	-	-

2020 **Non-derivative assets**	**Carrying amount** **£ 000**	**Less than 1 month** **£ 000**	**1-3 months** **£ 000**	**3 months - 1 year** **£ 000**	**1-5 years** **£ 000**
Trade receivables	7,021	7,021	-	-	-
Accrued income	2,883	1,155	1,312	416	-
Other receivables	1,991	1,871	-	-	120
Cash and short-term deposits	26,342	26,342	-	-	-

29 Financial risk review (continued)

2020 **Non-derivative liabilities**	**Carrying amount** **£ 000**	**Less than 1 month** **£ 000**	**1-3 months** **£ 000**	**3 months - 1 year** **£ 000**	**1- 5 years** **£ 000**
Trade creditors	(21,658)	(16,516)	(2,377)	(2,765)	-
Accruals	(31,317)	(7,383)	(20,539)	(2,298)	(1,097)
Other payables	(1,176)	(1,176)	-	-	-

Market risk

The following table sets out the allocation of assets and liabilities subject to market risk;

2021

	Carrying amount **£ 000**
Assets subject to market risk	
Cash and short-term deposits	19,014
Liabilities subject to market risk	
Amounts owed to related parties	(65,538)

2020

	Carrying amount **£ 000**
Assets subject to market risk	
Cash and short-term deposits	26,342
Liabilities subject to market risk	
Amounts owed to related parties	(102,744)

Interest rate risk

The Group is exposed to interest rate risk from its cash holdings, amounts owed to related parties and any amounts borrowed under the Revolving Credit Facility. Cash is placed on short-term deposit in order to maximise interest returns, and ensure flexible cash management. Amounts owed to related parties attract interest at a fixed rate which mitigates the risk of any impact on the income statement from changes in interest rates. The Revolving Credit facility which is undrawn at the year end attracts a floating rate of interest. The Group takes no specific measures to mitigate against floating rate interest changes as usage of the RCF is expected to be insignificant.

29 Financial risk review (continued)

Capital risk management

Capital components
The Group has been financed via a blend of both debt and equity from its shareholder.

Externally imposed capital requirements
There are no externally imposed capital requirements relating to either the Company or the Group.

Capital management
From a capital management perspective, the Group focuses on its net debt which is considered to be its cash and cash equivalents, less any external borrowings under the Revolving Credit Facility or overdraft arrangement.

30 Related party transactions

The Group has identified related party relationships with its subsidiaries, key management personnel and Directors and BEP IV (Nominees) Limited, the nominee vehicle for Bridgepoint Europe Portfolio IV LP.

Key management personnel
The Group has identified members of the Senior Leadership Team and the Directors as the key management of the Group

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

30 Related party transactions (continued)

Key management compensation

	30 September 2021 £ 000	30 September 2020 £ 000
Salaries and other short term employee benefits	2,094	1,771
Post-employment benefits	87	65
Termination benefits	-	107
	2,181	1,943

Loans to related parties

2021	Key management £ 000
At start of period	948
Advanced	427
Repaid	(82)
Interest charged	22
At end of period	1,315

2020	Key management £ 000
Advanced	926
Interest charged	22
At end of period	948

Loans from related parties

2021	Parent £ 000
At start of period	(102,744)
Repaid	40,000
Interest charged	(2,794)
At end of period	(65,538)

2020	Parent £ 000
Advanced	(100,000)
Interest charged	(2,744)
At end of period	(102,744)

30 Related party transactions (continued)

Terms of loans from related parties

As part of the financing arrangements pertaining to the acquisition of Practice Plus Group Holdings Limited during the prior year, the Group has borrowed £100.0m in Loan Notes from Bridgepoint. £46.6m at zero coupon and £53.4m at 5.5%. Both loans are due to mature in 2029. During the year ended 30 September 2021, the Group repaid £40.0m of the £53.4m tranche.

31 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 BEP IV (Nominees) Limited.

32 Transition to IFRS

As stated in Note 2, these are the Group and the Company's first financial statements prepared in accordance with IFRS. The accounting policies set out in Note 2 and 3 have been applied in preparing the financial statements for the year ended 30 September 2021, the comparative information presented in these financial statements for the period ended 30 September 2020 have been restated.

The Group has performed detailed analysis and assessment in order to identify all the required adjustments arising from the transition from Financial Reporting Standards ("FRS102") to International Financial Reporting Standards ("IFRS"). The main areas identified for adjustment relate to the following:

Adjustment 1:
IFRS 16: The adoption of IFRS 16 has led to the creation of a right of use asset and liability based on the discounted cashflows of leases in scope with removal from rent costs from the income statement. The Group has taken various exemptions in applying IFRS16 including the exemption from including low value assets and leases which are less than 1 year at inception.

The impact on the income statement for financial period ending 30th September 2020 was a pre tax charge of £259k comprising reversal of rent costs of £9,385k offsetting depreciation of £7,277k and unwinding of the discount on the liability of £2,367k. At 30 September 2020, the right of use asset was £55,203k and the lease liability was £56,162k, with a reduction in rent accruals of £702k.

There was a £23k credit to the income statement for the year ended 30 September 2020 relating to deferred tax on the IFRS16 adjustment.

Adjustment 2:
Under IFRS, goodwill is not amortised but is instead tested annually for impairment. Given the goodwill arose on a business combination which occurred after transition to IFRS, there is no impact on the transition balance sheet, however this led to the reversal of £14,001k of goodwill amortisation for the year ended 30 September 2020. £808k of this reversal was attributed to Integrated Urgent Care and New Services which were impaired in FY20, and therefore there was an increase in impairment in the profit and loss account of £810k. The net impact was an increase in intangible assets of £13,191k.

Adjustment 3:
IT Software and costs relating to commissioning of contracts have been reclassified from Property, Plant and Equipment to Intangible assets in line with the IAS38 and IFRS15. This led to a £730k reclassification

There were no adjustments relating to the Company in transition of its financial information.

32 Transition to IFRS (continued)

Consolidated Statement of Financial Position at 30 September 2020

	Per FRS102 £ 000	Reclassification £ 000	Remeasurement £ 000	Per IFRS £ 000
Assets				
Non-current assets				
Intangible assets	211,436	730	13,191	225,357
Property, plant and equipment	18,305	(730)	-	17,575
Right of use asset	-	-	55,203	55,203
	229,741	-	68,394	298,135
Current assets				
Inventories	909	-	-	909
Trade and other receivables	13,383	3,087	-	16,470
Cash and cash equivalents	26,342	-	-	26,342
	40,634	3,087	-	43,721
Current liabilities				
Right of use liability short term	-	-	(5,308)	(5,308)
Trade and other payables	(66,261)	(3,087)	702	(68,646)
Provisions (current)	-	(731)	-	(731)
	(66,261)	(3,818)	(4,606)	(74,685)
Non-current liabilities				
Right of use liability	-	-	(50,854)	(50,854)
Loans and borrowings (non-current)	(102,405)	-	-	(102,405)
Retirement benefit obligations	(282)	-	-	(282)
Provisions (non-current)	(16,854)	12,339	-	(4,515)
Deferred tax liability	-	(11,608)	23	(11,585)
	(119,541)	731	(50,831)	(169,641)
Net assets	84,573	-	12,957	97,530
Equity				
Share capital	115,764	-	-	115,764
Share premium	927	-	-	927
Retained earnings	(32,118)	-	12,957	(19,161)
Total equity	84,573	-	12,957	97,530

Notes to the Financial Statements for the Year Ended 30 September 2021 (continued)

32 Transition to IFRS (continued)

Consolidated Income Statement for the year ended 30 September 2020

	Per FRS102 £ 000	Reclassification £ 000	Remeasurement £ 000	Per IFRS £ 000
Revenue	343,500	-	-	343,500
Cost of sales	(253,942)	-	14,001	(239,941)
Gross profit	89,558	-	14,001	103,559
Administrative expenses	(118,046)	-	1,300	(116,746)
Operating (loss)/profit	(28,488)	-	15,301	(13,187)
Finance income	24	-	-	24
Finance costs	(3,114)	-	(2,367)	(5,481)
Net finance income / cost	(3,090)	-	(2,367)	(5,457)
(Loss)/profit before tax	(31,578)	-	12,934	(18,644)
Income tax	(559)	-	23	(536)
(Loss)/profit for the financial year	(32,137)	-	12,957	(19,180)