

Registration number: 12250218

Practice Plus Group Topco Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 30/09/2023

Practice Plus Group Topco Limited
Registered number:12250218

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Company Information

Chairman	Michael Parish
Directors	James Easton Philip Whitecross Robert Moores Dan Haxby Ross Dowsett Colman Moher
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 2023

The Directors present their Strategic Report, Directors' Report and Financial Statements for the year ended 30 September 2023.

Our Group

Practice Plus Group Topco Limited and its subsidiaries (the "Group") provides healthcare services including 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 the provision of healthcare services, principally to the public sector with an increasing focus on private sector offering in the field of elective surgery.

Strategic Report for the Year Ended 30 September 2023 (continued)

Review of the business

The Group has had a strong performance in its core service lines during the year. The table below shows the key performance indicators for the Group's services for the year:

	Revenue	
	30 September 2023 £ 000	30 September 2022 £ 000
Secondary Care	211,001	186,555
Health in Justice	205,463	186,370
Integrated Urgent Care	118,535	87,988
Elimination	(350)	(277)
	534,649	460,636

EBITDA is the Group's key profitability metric. It is the operating profit for the year, 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 2023 £ 000	30 September 2022 £ 000
Secondary Care	23,162	22,441
Health in Justice	20,424	19,167
Integrated Urgent Care	10,172	8,516
Central Services	(5,505)	(3,707)
	48,253	46,417

Strategic Report for the Year Ended 30 September 2023 (continued)

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

	Note	Group Operating Profit	
		30 September 2023 £ 000	30 September 2022 £ 000
EBITDA		48,253	46,417
Non-recurring items	5	(2,674)	(2,346)
Depreciation	13, 14	(15,797)	(14,081)
Amortisation	12	<u>(10,517)</u>	<u>(9,496)</u>
Operating profit		<u>19,265</u>	<u>20,494</u>

The decrease in Group operating profit against the prior year is predominantly driven by increased depreciation.

Secondary Care

In partnership with local NHS trusts and Integrated Care Boards, the Secondary Care service operates six hospitals, three surgical centres, two county-wide multi-location musculoskeletal services, two 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 approximately 85,000 NHS patients each 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 division continued to grow its private healthcare activities year on year (both self-pay and via private medical insurers). Overall, the number of procedures undertaken by our Secondary Care service increased by 7% compared to the prior year.

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

	2023	2022
Secondary Care revenue £'000	211,001	186,555
Secondary Care EBITDA £'000	23,162	22,441
Secondary Care procedures	<u>85,420</u>	<u>79,816</u>

Strategic Report for the Year Ended 30 September 2023 (continued)

Health in Justice

The Group is the largest provider of healthcare services to prisons and secure facilities in England, operating at 51 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 access to excellent front-line healthcare for prisoners and detainees.

Growth remains a key part of the strategy and this year we have mobilised new services in HMP Eastwood Park, HMP Onley, HMP Rye Hill, HMP Altcourse, HMP Thameside and HMP Belmarsh, with further mobilisations underway for commencement in 2024.

This year the Group has driven forward its strategy to implement a number of new innovations, including the introduction of digital technology to support areas of service delivery such as automated medicines dispensing. Alongside this there have been other initiatives, such as Social Prescribing, which contributes to wider organisational goals to help patients to more effectively manage their self-care and reduce an over-reliance on medical interventions, which is prevalent with the population it serves.

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

	2023	2022
Health in Justice revenue £'000	205,463	186,370
Health in Justice EBITDA £'000	20,424	19,167
Health in Justice prison population at 30th September	<u>38,011</u>	<u>33,678</u>

Strategic Report for the Year Ended 30 September 2023 (continued)

Integrated Urgent Care

Integrated Urgent Care includes the provision of NHS 111 services, Clinical Assessment Services (CAS), Out of Hours (OOH) GP services, and GP practices in England. The strategy is to expand geographic spread of these services through winning new contracts and delivering additional services within our existing contracts. During the year, we have exited from an NHS 111 sub-contract in Somerset worth £2.4m of annual revenue, but this has been replaced by a larger NHS 111 contract covering Bath, Avon, North East Somerset, Swindon and Wiltshire worth £6m of annual revenue. We currently provide circa 14% of NHS 111 services and circa 15% of OOH services in England.

The Urgent Care sector continues to evolve post pandemic, with a shift away from remote appointments and a return to more face to face appointments. There is also significant pressure within in hours general practice, A&E and ambulance services which is continuing to drive high volumes of people to NHS 111 via phone or online. We have made improvements this year in our call answering capacity by both expanding our contact centre estate and recruiting more health and service advisors, although recruiting clinicians continues to be difficult due to the general shortage of clinical staff in the sector.

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

	2023	2022
Integrated Urgent Care revenue £'000	118,535	87,988
Integrated Urgent Care EBITDA £'000	10,172	8,516
Integrated Urgent Care 111 calls answered	2,168,201	1,626,417
Integrated Urgent Care OOH patient interactions	<u>538,328</u>	<u>411,765</u>

Strategic Report for the Year Ended 30 September 2023 (continued)

Net debt and cash flow

The Group was created following the purchase of Practice Plus Group Holdings Limited in 2019 which was funded by £115.6m of equity and £96.6m of loans from Bridgepoint which were partially repaid in 2022. On 2nd November 2022, the Group signed a new Senior Facilities Agreement for £120m. This comprises two tranches- a £100m Term B Loan repayable on 18 November 2029 and a £20m Revolving Credit Facility ("RCF"), repayable on 18th May 2029. The Term Loan of £100m was drawn in full on 18th November 2022 and bears interest at SONIA +6.5%. £5m of the RCF has been scoped out as an overdraft facility with the remaining £15m available for RCF drawdowns. The RCF bears interest at SONIA +3.75%. There is a leverage based interest rate ratchet which applies to the margin on the Term Loan with the potential for interest rates to reduce further in the future as leverage ratio reduces. In order to mitigate the impact of uncertain interest rates, the Group paid £1.3m to purchase a two year interest rate cap which caps SONIA at 4.25%.

The Group incurred fees relating to the refinancing of 2.75% of the Term Loan amount which was deducted from the proceeds and 3% fees on the RCF. The Group has repaid the outstanding £66.7m of Loan notes and paid a dividend of £53.3m to its shareholder.

At 30th September 2023, the net debt for the Group was £80.2m, comprising cash of £19.8m, offsetting the £100m Term Loan . See note 29 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 2023	30 September 2022
	£ 000	£ 000
Cash	19,775	32,099
Overdraft facility	5,000	5,000
RCF facility	15,000	5,000
Restricted cash relating to NHS pension contributions	(214)	(111)
Total Liquidity	39,561	41,988

At 30 September 2023, the Group had no borrowings outstanding under the £15m RCF and the £5m overdraft remains undrawn.

Strategic Report for the Year Ended 30 September 2023 (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 and 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 Integrated Care Boards ("ICB"). The mitigation for this risk is to continually strive to deliver high levels of quality, safety and patient satisfaction.

Regulatory risk

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

People risk

The Group relies on its ability to recruit and retain skilled staff in order to provide all of its services. A sector-wide shortage of medical professionals can cause issues for the Group, with vacancies covered by agency staff where necessary. This has an associated cost impact. The Group is working to develop its reputation as an employer of choice and looking at measures to encourage staff retention.

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 ICBs 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.

Interest rate risk

Since the November 2022 refinancing, the Group has become exposed to interest rate volatility as its borrowings now incur interest at a floating rate. In order to mitigate this risk, the Group purchased a two year interest rate cap in order to reduce the potential impact of rising interest rates.

Strategic Report for the Year Ended 30 September 2023 (continued)

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. The Group 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.

Strategic Report for the Year Ended 30 September 2023 (continued)

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Strategic Report for the Year Ended 30 September 2023 (continued)

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.

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 seven individuals, four of whom are non-executive and three executives, the Chief Executive Officer, the Chief Operating Officer and Chief Financial Officer. 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 2023 (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.

Strategic Report for the Year Ended 30 September 2023 (continued)

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.

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 2023 (continued)

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.

Approved by the Board on 24 January 2024 and signed on its behalf by:



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

Directors' Report for the Year Ended 30 September 2023

The Directors present their Directors' report and the consolidated financial statements for the year ended 30 September 2023.

Directors

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

James Easton

David Stickland (resigned 21/04/2023)

Michael Parish - Chairman

Philip Whitecross

Jamie Wyatt (resigned 15/09/2023)

Robert Moores

Dan Haxby (appointed 01/09/2023)

Ross Dowsett (appointed 01/03/2023)

Colman Moher (appointed 03/05/2023)

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.

Ross Dowsett: Chief Operating Officer

- Joined Practice Plus Group in June 2008
- Over 17 years experience in the healthcare industry
- In July 2022 Ross stepped into the role of Chief Operating Officer covering all the Group's services of Health in Justice, Integrated Urgent Care and Secondary Care.
- Previously as Managing Director of Primary Care he successfully led the growth strategy in Health in Justice moving from 12 sites to 49 sites as well as the significant turnaround in Integrated Urgent Care.
- Prior to joining the Group, Ross worked in the aviation industry for 7 years in business analytics, operations & human resources before joining BUPA hospitals in 2006 in an operational capacity.

Colman Moher: Chief Financial Officer

- Joined Practice Plus Group in May 2023
- Has over 20 years of Board experience responsible for Finance, Commercial and Operations in public and private organisations
- Has worked predominantly in international consumer goods and retail settings with experience in heavily regulated environments such as Social Care, Public Transport and Financial Services.
- Graduated with an economics degree and trained as an accountant with BDO.

Directors' Report for the Year Ended 30 September 2023 (continued)

Robert Moores and Dan Haxby 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

During the year, the Group declared and subsequently paid a dividend of £53,297k (2022: £nil).

Information included in the Strategic Report

The review of business is noted in the Strategic Report.

Changes in share capital

During the year the Company purchased 36,000 of its own B Ordinary shares at a nominal value of £36,000. The B Ordinary shares were purchased for a consideration of £463,320 and represented 18% of the called up share capital of that class of share. The Company purchased 36,000 shares at par when the shareholder exited the Company. These shares were subsequently cancelled.

The Company also carried out a capital reduction during the year where 5,000,000 A Ordinary Shares of £1 each were cancelled, creating an increase in distributable reserves of £5,000,000.

Charitable donations

During the year the Group made charitable donations of £6,584, mainly related to matched funding of employee's fundraising (2022: £9,766).

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	40	60
Other Employees	24	76

The Group is committed to equality, diversity and inclusion ("EDI"). Our work here is overseen by an established EDI steering group led by the Company Secretary and reporting directly to the Chief Executive. Steps taken to specifically address the gender composition of our workforce and in particular the Gender Pay Gap are on-going and have included the provision of the Springboard programme (an award-winning work and personal development programme for women), the formation of a Female Leaders group, an equal-pay analysis undertaken for senior roles and amendments made as appropriate, and targeted positive action in relation to senior internal movement and external hires. We were delighted to be named Our Health Heroes' Equality, Diversity and Inclusion (ED&I) Champion for 2023.

Directors' Report for the Year Ended 30 September 2023 (continued)

Non-financial and sustainability information

Taskforce on climate-related financial disclosures (TCFD)

In order to meet the requirements imposed by the Climate Change Governance and Reporting Regulations 2021, the Group has developed a good understanding of the climate-related risks and opportunities that are relevant to the business, broadly considered in two groups:

- Physical risks are those that pertain to the physical impacts that occur as the global average temperature rises. For example, the rise in sea levels could have impacts such as flooding and mass migration. Extreme weather events, such as flooding and fires, could become more frequent and severe, and these incidents could threaten physical assets and disrupt international and local supply chains.
- Transition risks arise as the UK seeks to realign its economic system towards low-carbon, climate-resilient solutions. Changes in sector regulation, consumer preferences and technology will take place and impact on current and future investments.

The Group recognises that climate change risks are financial risks. The financial risks resulting from the effects of climate change have a number of distinctive elements:

- Far-reaching in breadth and magnitude: The financial risks from physical and transition risk factors are relevant to multiple lines of business, across England. Their full impact may therefore be larger than for other types of risks, and the risks are potentially non-linear, correlated and in some cases, irreversible.
- The time horizons over which financial risks may be realised are uncertain. Past data is unlikely to be a good predictor of future risks.
- There is a high degree of certainty that financial risks from some combination of physical and transition risk factors will occur.
- The magnitude of future impact will, at least in part, be determined by the actions taken today.

Governance

The Group considers that climate related risks and opportunities are treated no different than any other type of risk or opportunity. Our Carbon Reduction Plan is owned by the Chief Information Officer ("CIO") who is a member of the Executive team and attends board meetings. The CIO works with the Health and Safety lead to manage and maintain the plan. The Board is updated on an ad hoc basis on progress towards net zero and any board level escalations required.

The Group identifies, assesses, and manages climate-related physical risks, through environmental impact assessments and escalation of these risk to the Group's Quality and Compliance Committee.

Strategy

Practice Plus Group undertook scenario analysis to identify the short-term transition risks and opportunities impacting our organisation. The two risks that have the highest likelihood and material impact to our business are;

- a. Increased costs of compliance due to increased energy efficiency and EPC standards; and
- b. Increase in demand for low carbon energy.

Neither of these risks are expected to have a material impact on the Group's activities in either the short or long term.

Directors' Report for the Year Ended 30 September 2023 (continued)

Risk management

Practice Plus Group has identified climate-related risks and opportunities that might arise over the coming decades across three climate scenarios.

The scenarios used were as per the IPCC's sixth assessment report:

- SSP5-8.5 (Business as usual) where emissions continue to rise throughout the 21st century unabated.
- SSP2-4.5 (Emissions peak in 2040) where emissions do not increase beyond 2040.
- SSP1-2.6 (Paris-aligned scenario) where emissions are compatible with the objectives of the Paris agreement.

A table-top scenario assessment was conducted utilising business-as-usual (BAU) emissions scenario of the assessment, i.e., worst-case scenario, indicated flood risk as our most significant risk until the middle of the century. As such, actions to adapt to flooding will be a priority for Practice Plus Group in the short and medium term. Beyond 2050, by far the greatest risk faced by the Group is heat stress. In the latter part of this century our estate will face a high risk or greater from heat. Due to the future scale and severity of this risk, the Group will look to adapt properties to heat stress in the medium term and continue throughout the century.

Other hazards considered are precipitation, wind and wildfire. No property in the Group's portfolio; under any of the three scenarios faces a greater than moderate risk from these hazards between now and 2100.

Metrics and Targets

The Group has already begun the active journey to Net Zero with the objective of achieving net zero by 2030. 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:

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

Specifically 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 20,000 trees in Haiti, which will provide food security for the local population, as well as capturing 1,600 tonnes of CO₂ over a ten year period. This initiative will be used to 'Offset' Practice Plus Group's business travel.

As a Group, we have well established metrics and targets related to emissions and transition risks. We record gas and electricity usage at our properties as well as calculate the associated Scope 1 emissions (gas use) and Scope 2 (purchased electricity) emissions. We have also reported a number of our Scope 3 emissions.

See summary of emissions against prior year in the Streamlined Energy and Carbon Reporting section of this report.

The Quality and Compliance Committee monitors the progress against the Group's Carbon Reduction Plan.

Directors' Report for the Year Ended 30 September 2023 (continued)

Streamlined energy and carbon reporting ("SECR")

Energy efficiency actions taken during the period

During the current year, we have continued to improve our energy efficiency by:

- Operating the Hospitals more efficiently to increase our revenue per tonne of carbon.
- Replacing failed or failing energy consuming assets with the most energy efficient solution within the constraints of the relevant HTM specification.

In addition, we have:

- Invested several £100ks in LED lighting across all of our Hospitals. We plan to have fully converted all Primary and Secondary care centres and all offices to LED by the end of the next financial year.
- Confirmed that ventilation systems serving clinical areas have been returned to operate in set-back mode when they are not in use. These had been running 24/7 as part of our Covid control measures but now operate under normal conditions.
- Completed a review of BMS operating controls to refine operational schedules based around building occupancy and clinical activity.
- Included PIR control and occupation sensors within the new Head Office Mechanical & Electrical specification, to provide more accurate operation of both ventilation and lighting rather than the traditional on/off scenario.
- Updated and re-issued DEC's (Display Energy Certificates) for all the Hospitals where we purchase the energy.

Finally, we are in the process of assessing the costs and benefits of installing solar PV at one of the Hospitals.

Directors' Report for the Year Ended 30 September 2023 (continued)

Emissions and energy consumption

Streamlined Energy and Carbon Reporting (“SECR”) Methodology

Energy Consumption and Emissions: In the prior year, this was collected from the energy bills from the supplier with the exception of two Hospitals 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. In the current year, we have started to receive actual energy usage from one of these two sites which has resulted in the restatement of the prior year figures.

Transport Emissions: 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 30/09/2023:

Name	Metric	2023	2022
Emissions from combustion of gas	tCO2e	2,039	2,046
Emissions from combustion of fuel for transport purposes	tCO2e	0	0
Energy consumption used to calculate emissions	kWh	20,696,440	21,055,870
Emissions from business travel	tCO2e	542	470
Emissions from purchased electricity	tCO2e	1,969	1,888
Total gross emissions	tCO2e	4,550	4,404

Intensity ratio

Hospital emissions per £1000 of revenue

We have found that 90% of our emissions are from gas and electricity, and 95% of these emissions come from the nine Hospitals and Surgical centres (“Hospitals”). 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 most representative measure of their output is the sum of their revenue. Consequently, the intensity metric we chose for the Practice Plus Group is "Hospital emissions per £1,000 of annualised Hospital revenue" This covers 85% of our emissions and provides a good indication of our progress towards a greener business. During the year ended 30/09/2023 this was 20.00% (2022 - 22.30%).

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.

Directors' Report for the Year Ended 30 September 2023 (continued)

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.

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.

Directors' Report for the Year Ended 30 September 2023 (continued)

Respect for human rights

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

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.

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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

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 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 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 ICBs but other opportunities are also assessed if they align with our current strengths or can be delivered using existing staff and infrastructure. Private pay arrangements continue to be an area of focus with continuing investment in marketing and a new private pay brand.

Directors' Report for the Year Ended 30 September 2023 (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 2023, the Group has significant levels of liquidity with a strong cash position of £19.8m and access to a further £15.0m 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.
- In considering the Group's ability to continue as a going concern, 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 including the most severe but plausible downside scenario. This scenario models both high agency costs, and lower private pay revenue, but assumes no contracts gains or losses. Even under this 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.

Directors' Report for the Year Ended 30 September 2023 (continued)

Reappointment of auditors

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

Approved by the Board on 24 January 2024 and signed on its behalf by:



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

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

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 the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 or the 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 Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of the Financial Statements that are free from material misstatement whether due to fraud or error and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the 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 2023, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated 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 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. 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. The risks that the Directors considered most likely to adversely affect the Group's and Company's available financial resources and/or metrics relevant to debt covenants over this period were:

- The risk of self-pay revenue failing to materialise; and
- Increase in agency staff costs.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively. Our procedures also included:

- Critically assessing assumptions in base case and downside scenarios relevant to liquidity and/or covenant metrics, in particular in relation to revenue growth assumptions to historical trends in severe economic situations and overlaying knowledge of the entity's plans based on approved budgets and our knowledge of the entity and the health sector in which it operates.
- We also compared past budgets to actual results to assess the directors' track record of budgeting accurately.
- We inspected the confirmation from the lender of the level of committed financing, undrawn financing, and the associated covenant requirements.

Our conclusions based on this work:

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

- 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 - ability to detect

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 to unusual or unexpected account combinations with revenue, cash and borrowings;
- Sample testing invoices relating to the period prior to and following 30 September 2023 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), pensions 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 25, 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 our opinion in 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.

Rob Andrews

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

26 January 2024

Practice Plus Group Topco Limited
Registered number:12250218

Consolidated Income Statement for the Year Ended 30 September 2023

	Note	2023 £ 000	2022 £ 000
Revenue	4	534,649	460,636
Cost of sales		<u>(382,809)</u>	<u>(327,211)</u>
Gross profit		151,840	133,425
Administrative expenses		<u>(132,575)</u>	<u>(112,931)</u>
Operating profit	6	<u>19,265</u>	<u>20,494</u>
Finance income		1,789	27
Finance costs		<u>(13,808)</u>	<u>(3,070)</u>
Net finance cost	7	<u>(12,019)</u>	<u>(3,043)</u>
Profit before tax		7,246	17,451
Income tax expense	11	<u>(1,561)</u>	<u>(3,189)</u>
Profit for the year		<u><u>5,685</u></u>	<u><u>14,262</u></u>

The above results were derived from continuing operations.

The notes on pages 40 to 99 form an integral part of these financial statements.

Practice Plus Group Topco Limited
Registered number:12250218

Consolidated Statement of Comprehensive Income for the Year Ended 30 September 2023

	2023 £ 000	2022 £ 000
Profit for the year	<u>5,685</u>	<u>14,262</u>
Items that will not be reclassified subsequently to profit or loss		
Actuarial gain on defined benefit pension scheme before tax	177	32
Income tax effect	<u>(58)</u>	<u>23</u>
	<u>119</u>	<u>55</u>
Total comprehensive income for the year	<u><u>5,804</u></u>	<u><u>14,317</u></u>
Total comprehensive income attributable to:		
Owners of the company	<u><u>5,804</u></u>	<u><u>14,317</u></u>

The notes on pages 40 to 99 form an integral part of these financial statements.

Practice Plus Group Topco Limited
Registered number:12250218

Consolidated Statement of Financial Position as at 30 September 2023

	Note	30 September 2023 £ 000	30 September 2022 £ 000
Non-current assets			
Intangible assets	12	212,916	218,179
Property, plant and equipment	13	25,222	25,525
Right of use assets	14	45,035	43,930
Other non-current financial assets	16	3,204	-
		286,377	287,634
Current assets			
Inventories	17	1,253	1,220
Trade and other receivables	18	41,091	28,525
Cash and cash equivalents	19	19,775	32,099
		62,119	61,844
Total assets		348,496	349,478
Current liabilities			
Current portion of long term lease liabilities	25	(8,441)	(4,800)
Trade and other payables	20	(97,247)	(84,742)
Loans and borrowings	21	(271)	-
Provisions	22	(3,493)	(2,071)
		(109,452)	(91,613)
Non-current liabilities			
Long term lease liabilities	25	(38,993)	(40,881)
Loans and borrowings	21	(100,533)	(66,547)
Retirement benefit obligations	23	(84)	(317)
Provisions	22	(5,067)	(6,092)
Deferred tax liabilities	11	(16,138)	(17,840)
		(160,815)	(131,677)
Total liabilities		(270,267)	(223,290)
Net assets		78,229	126,188

The notes on pages 40 to 99 form an integral part of these financial statements.

Practice Plus Group Topco Limited
Registered number:12250218

Consolidated Statement of Financial Position as at 30 September 2023 (continued)

	Note	30 September 2023 £ 000	30 September 2022 £ 000
Equity			
Share capital	24	110,725	115,761
Share premium		927	1,354
Other reserves		463	-
Retained earnings		(33,886)	9,073
Equity attributable to owners of the Company		<u><u>78,229</u></u>	<u><u>126,188</u></u>

Approved by the Board on 24 January 2024 and signed on its behalf by:



.....
Colman Moher
Director

The notes on pages 40 to 99 form an integral part of these financial statements.

Practice Plus Group Topco Limited
Registered number:12250218

Company Statement of Financial Position as at 30 September 2023

	Note	30 September 2023 £ 000	30 September 2022 £ 000
Non-current assets			
Investments in subsidiaries	15	115,600	115,600
Current assets			
Trade and other receivables	18	1,071	1,626
Cash and cash equivalents		434	9
		1,505	1,635
Current liabilities			
Trade and other payables	20	(444)	(10)
Net Assets		116,661	117,225
Equity			
Share capital	24	110,764	115,800
Share premium		927	1,354
Other reserves		463	-
Retained earnings		4,507	71
Equity attributable to owners of the company		116,661	117,225

Approved by the Board on 24 January 2024 and signed on its behalf by:



.....
Colman Moher
Director

The notes on pages 40 to 99 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the Year Ended 30 September 2023

	Share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 October 2021	115,707	1,354	-	(5,294)	111,767
Profit for the year	-	-	-	14,262	14,262
Other comprehensive income	-	-	-	55	55
Total comprehensive income	-	-	-	14,317	14,317
Elimination of shares held by Employee Benefit Trust	54	-	-	50	104
At 30 September 2022	<u>115,761</u>	<u>1,354</u>	<u>-</u>	<u>9,073</u>	<u>126,188</u>
	Share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 October 2022	115,761	1,354	-	9,073	126,188
Profit for the year	-	-	-	5,685	5,685
Other comprehensive income	-	-	-	119	119
Total comprehensive income	-	-	-	5,804	5,804
Dividends	-	-	-	(53,297)	(53,297)
Purchase of own share capital	(36)	(427)	463	(466)	(466)
Capital reduction	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
At 30 September 2023	<u>110,725</u>	<u>927</u>	<u>463</u>	<u>(33,886)</u>	<u>78,229</u>

The notes on pages 40 to 99 form an integral part of these financial statements.

Practice Plus Group Topco Limited
Registered number:12250218

Company Statement of Changes in Equity for the Year Ended 30 September 2023

	Share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 October 2021	115,800	1,354	-	39	117,193
Profit for the year	-	-	-	32	32
Total comprehensive income	-	-	-	32	32
At 30 September 2022	<u>115,800</u>	<u>1,354</u>	<u>-</u>	<u>71</u>	<u>117,225</u>
	Share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 October 2022	115,800	1,354	-	71	117,225
Profit for the year	-	-	-	53,199	53,199
Total comprehensive income	-	-	-	53,199	53,199
Dividends	-	-	-	(53,297)	(53,297)
Purchase of own share capital	(36)	(427)	463	(466)	(466)
Capital reduction	(5,000)	-	-	5,000	-
At 30 September 2023	<u>110,764</u>	<u>927</u>	<u>463</u>	<u>4,507</u>	<u>116,661</u>

The notes on pages 40 to 99 form an integral part of these financial statements.

Consolidated Statement of Cash Flows for the Year Ended 30 September 2023

	Note	2023 £ 000	2022 £ 000
Cash flows from operating activities			
Profit for the year		5,685	14,262
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	12, 13, 14	26,314	23,577
(Profit)/loss on disposal of property plant and equipment		(37)	44
Finance income	7	(1,789)	(27)
Finance costs	7	13,808	3,070
Income tax expense	11	<u>1,561</u>	<u>3,189</u>
		45,542	44,115
Working capital adjustments			
Increase in inventories	17	(33)	(318)
(Increase)/decrease in trade and other receivables	18	(14,887)	2,449
Increase/(decrease) in trade and other payables	20	11,647	(9,397)
(Decrease)/increase in retirement benefit obligation net of actuarial changes	23	(78)	49
Increase/(decrease) in provisions		<u>259</u>	<u>(101)</u>
Cash generated from operations		42,450	36,797
Income taxes paid		<u>(1,370)</u>	<u>(3,081)</u>
Net cash flow from operating activities		<u>41,080</u>	<u>33,716</u>
Cash flows from investing activities			
Interest received		1	-
Buy-out of joint operation		-	(1,000)
Acquisitions of property plant and equipment		(10,127)	(10,063)
Proceeds from sale of property plant and equipment		37	-
Acquisition of intangible assets		(2,847)	(649)
Proceeds from sale of intangible assets		<u>-</u>	<u>28</u>
Net cash flows from investing activities		<u>(12,936)</u>	<u>(11,684)</u>

The notes on pages 40 to 99 form an integral part of these financial statements.

Practice Plus Group Topco Limited
Registered number:12250218

Consolidated Statement of Cash Flows for the Year Ended 30 September 2023 (continued)

	Note	2023 £ 000	2022 £ 000
Cash flows from financing activities			
Interest paid		(13,387)	(47)
Proceeds from debt issue net of fees		95,655	-
Repayment of RCF		10,000	-
Proceeds from RCF		(10,000)	-
Repayment of other borrowing		(60,000)	-
Payments to finance lease creditors		(9,439)	(8,900)
Dividends paid		<u>(53,297)</u>	<u>-</u>
Net cash flows from financing activities		<u>(40,468)</u>	<u>(8,947)</u>
Net (decrease)/increase in cash and cash equivalents		(12,324)	13,085
Cash and cash equivalents at 1 October		<u>32,099</u>	<u>19,014</u>
Cash and cash equivalents at 30 September	19	<u><u>19,775</u></u>	<u><u>32,099</u></u>

The notes on pages 40 to 99 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 30 September 2023

1 General information

The Company is a private company limited by share capital, incorporated, domiciled and registered in England 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 24/01/2024.

2 Accounting policies

Statement of compliance

The Group financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards ("UK-adopted IFRS"). The Company has elected to prepare its parent company financial statements in accordance with FRS 101.

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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

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 2023, the Group has significant levels of liquidity with a strong cash position of £19.8m and access to a further £15.0m 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.
- In considering the Group's ability to continue as a going concern, 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 including the most severe but plausible downside scenario. This scenario models both high agency costs, and lower private pay revenue, but assumes no contracts gains or losses. Even under this 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.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 30 September 2023.

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 £53,199k (2022: profit of £32k).

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

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

New standards, interpretations and amendments effective

The following have been applied for the first time from 01/10/2022 and have had no effect on the financial statements:

Amendments to IFRS 3: Reference to the Conceptual framework

Amendments to IAS 37 Onerous Contracts- cost of fulfilling a contract

Amendments to IAS16 Proceeds before intended use

Annual improvements to IFRS 2018-2020:

Amendment to IAS 41 Agriculture- Taxation in Fair Value measurements

Amendment to IFRS 1 First time adoption of International Financial Reporting Standards

Amendment to IFRS 9 Financial Instruments - Fees in the 10 per cent test for derecognition of Financial Liabilities

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

2 Accounting policies (continued)

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:

Endorsed but not yet effective:

Amendments to IAS 12 Deferred Tax related to assets and liabilities arising from a single transactions

Amendments to IAS8; Definition of accounting estimates

Amendments to IAS1: Disclosure of accounting policies

Amendments to IAS 1 Presentation of financial statements

Amendments to IAS12 International tax reform Pillar Two model rules

Amendments to IAS 8 Accounting Policies, Change in Accounting Estimates and Errors to introduce a new definition for accounting estimates (effective date to be confirmed)

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2 Making Materiality Judgements (effective date to be confirmed)

Amendments to IFRS16 Leases: Sale and Leaseback

Amendments to IAS 12 Income Taxes- Deferred Tax related to Assets and Liabilities Arising from a Single Transaction (effective date to be confirmed)

Amendments to IAS 7 Supplier Finance Arrangements

Revenue recognition

Recognition

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

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

2 Accounting policies (continued)

Fee arrangements

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

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

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

Transaction price

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

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

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

Principal versus agent

The 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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

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 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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

2 Accounting policies (continued)

Capitalisation of costs to obtain or fulfil a contract

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

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

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

Impairment of contract related balances

At each reporting date, it is determined whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that is expected to be received less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the same principles are used as those used in determining 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.

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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

2 Accounting policies (continued)

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

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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

2 Accounting policies (continued)

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:

Asset class

Intangible assets relating to contracts ("Other intangible assets")

Costs incurred in fulfilling contract

Software

Amortisation method and rate

Straight line: Between 3-12 years which includes assumption on renewal of underlying contract

Straight line over contract term - generally 3 years

3 years

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

2 Accounting policies (continued)

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.

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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

2 Accounting policies (continued)

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 a present obligation exists (legal or constructive) as a result of a past event, it is probable that the entity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

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

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

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 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 included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

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

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

2 Accounting policies (continued)

Lease modifications

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

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

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

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The 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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

2 Accounting policies (continued)

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.

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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

2 Accounting policies (continued)

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:-

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.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

2 Accounting policies (continued)

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

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the 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.

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 2023 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.

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 and provisions, and are described below.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

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

Provisions

The Group recognises provisions in instances where there is a probable outflow of cash relating to a past event but the quantum and timing are uncertain. The calculation of the provision requires an estimate of the future cash flows expected to arise 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.

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:

	2023	2022
Group	£ 000	£ 000
Rendering of services	534,649	460,636

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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

4 Revenue (continued)

Disaggregated revenue information for each segment is provided below.

	Group	
	30 September 2023 £ 000	30 September 2022 £ 000
Secondary Care	211,001	186,555
Health in Justice	205,463	186,370
Integrated Urgent Care	118,535	87,988
Elimination	(350)	(277)
	534,649	460,636

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

	Group	
	30 September 2023 £ 000	30 September 2022 £ 000
Activity	259,275	219,359
Block	275,374	241,277
	534,649	460,636

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 2023 £ 000	30 September 2022 £ 000
Accrued income	16,851	10,605
Deferred income	(9,431)	(11,634)
Trade receivables	10,731	7,231
Net contract assets	18,151	6,202

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

4 Revenue (continued)

Reconciliation of movement in accrued income

	Year ending 30 September 2023 £ 000	Year ended 30 September 2022 £ 000
Accrued income opening	10,605	9,161
Work performed	16,190	10,009
Billed	<u>(9,944)</u>	<u>(8,565)</u>
At 30 September	<u><u>16,851</u></u>	<u><u>10,605</u></u>

Reconciliation of movement in deferred income

	Year ending 30 September 2023 £ 000	Year ending 30 September 2022 £ 000
Deferred income opening	(11,634)	(10,526)
Recognised in P&L	8,974	5,788
Cash received from customer	<u>(6,771)</u>	<u>(6,896)</u>
At 30 September	<u><u>(9,431)</u></u>	<u><u>(11,634)</u></u>

Breakdown of contracted revenue

	30 September 2023 £ 000	30 September 2022 £ 000
Contracted revenue < 1yr	292,471	259,886
Contracted revenue 2-5 years	752,683	589,936
Contracted revenue > 5 years	<u>107,483</u>	<u>141,688</u>
	<u><u>1,152,637</u></u>	<u><u>991,510</u></u>

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

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	2023	2022
	£ 000	£ 000
Long term incentive plan	(4,029)	-
Legal dispute	2,299	(667)
Costs associated with re-branding	-	(25)
Creation of onerous lease provision	-	273
Pensions	-	(778)
Costs associated with restructure	(730)	(72)
Dilapidation review	35	27
Strategic projects	(249)	(1,104)
	<u>(2,674)</u>	<u>(2,346)</u>

Long term incentive plan

The Group has incurred costs of £4,029k relating to incentive plans for Senior management (2022: £nil).

Legal dispute

The Group has received a net £2,299k of income arising on the legal challenge relating to re-procurement of a contract. This includes a £3m settlement offset by additional costs incurred (2022: £667k of legal costs).

Costs associated with restructure

The Group incurred £730k of costs relating to restructuring (2022: £72k).

Dilapidation review

The Group undertook a review of dilapidations which led to a release of £35k in the current year (2022: £27k release).

Strategic projects

The Group incurred £249k relating to projects during the year (2022: £1,104k).

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

6 Operating profit

Arrived at after (charging)/crediting

	2023	2022
Group	£ 000	£ 000
Depreciation expense	(7,813)	(6,448)
Depreciation on right of use assets - Vehicles	(298)	(166)
Depreciation on right of use assets - property	(7,685)	(7,459)
Depreciation on right of use assets - other	(1)	(8)
Amortisation expense	(10,517)	(9,496)
Profit on disposal of property, plant and equipment	37	44
Cost of inventory recognised as an expense	<u>(38,961)</u>	<u>(32,684)</u>

7 Finance income and costs

	2023	2022
Group	£ 000	£ 000
Finance income		
Fair value of interest rate cap	1,760	-
Other finance income	<u>29</u>	<u>27</u>
Total finance income	<u>1,789</u>	<u>27</u>
Finance costs		
RCF and overdraft fees	(411)	(44)
Interest on Term Loan	(9,158)	-
Payment to purchase interest rate cap	(1,304)	-
Amortisation of debt issue costs	(482)	-
Other finance costs	(194)	(86)
Interest expense on leases	(2,106)	(1,928)
Interest payable to parent companies	<u>(153)</u>	<u>(1,012)</u>
Total finance costs	<u>(13,808)</u>	<u>(3,070)</u>
Net finance costs	<u>(12,019)</u>	<u>(3,043)</u>

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

8 Staff numbers and costs

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

Group	2023 £ 000	2022 £ 000
Wages and salaries	205,166	174,435
Social security costs	20,747	17,882
Pension costs	6,149	5,545
Redundancy costs	827	359
	<u>232,889</u>	<u>198,221</u>

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

	2023 No.	2022 No.
Administration and support	1,829	1,697
Medical professionals and support staff	5,438	4,703
	<u>7,267</u>	<u>6,400</u>

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

9 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2023	2022
	£ 000	£ 000
Remuneration	1,326	1,160
Contributions to money purchase pension schemes	26	-
Benefits accruing under long term incentive plan	1,619	-
	2,971	1,160

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

	2023	2022
	No.	No.
Accruing benefits under money purchase pension scheme	1	-

In respect of the highest paid Director:

	2023	2022
	£ 000	£ 000
Remuneration	591	567
Benefits under long-term incentive schemes (excluding shares)	1,147	-
	1,738	567

10 Auditors' remuneration

	2023	2022
	£ 000	£ 000
Amount payable in respect of the audit of the Group and its subsidiaries	308	265
Other fees to auditors		
All other assurance services	5	-
Total fees paid to auditor	313	265

The amounts payable to the auditor relating to the audit of the Company was £ 2,797 (2022: £2,664).

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

11 Income tax

Tax charged/(credited) in the income statement

	2023	2022
Group	£ 000	£ 000
Current taxation		
Corporation tax relating to the current year	2,624	3,148
UK corporation tax adjustment to prior periods	697	(311)
	<u>3,321</u>	<u>2,837</u>
Deferred taxation		
Deferred tax relating to the current year	(1,073)	156
Deferred tax change arising from rate change	237	122
Deferred tax arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(924)	74
Total deferred taxation	<u>(1,760)</u>	<u>352</u>
Tax expense in the income statement	<u><u>1,561</u></u>	<u><u>3,189</u></u>

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

11 Income tax (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2022 - lower than the standard rate of corporation tax in the UK) of 22% (2022 - 19%).

The differences are reconciled below:

Group	2023 £ 000	2022 £ 000
Profit before tax	7,246	17,451
Corporation tax at standard rate of 22% (2022: 19%)	1,594	3,316
(Decrease) from the effect of revenues exempt from taxation	(44)	-
Increase from effect of expenses not deductible in determining taxable profit	266	717
Deferred tax expense relating to changes in tax rates or laws	111	61
Deferred tax (credit) from unrecognised tax loss or credit	(13)	-
(Decrease) from the effect of capital allowances depreciation	(126)	(522)
Increase / (decrease) in current tax from adjustment for prior periods	697	(311)
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	(194)
Deferred tax (credit)/expense from unrecognised temporary difference from a prior period	(924)	122
Total tax charge	1,561	3,189

The standard rate of corporation tax in the UK increased from 19% to 25% on 1 April 2023. Current tax liabilities have been calculated using the 19% rate for the period to 31 March 2023 and 25% thereafter, giving rise to an average rate for the accounting period as a whole of 22%. The deferred tax assets and liabilities at 30 September 2023 have been calculated using the closing tax rate of 25%.

Amounts recognised in other comprehensive income

	2023			2022		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Remeasurements of post employment benefit obligations	177	(58)	119	32	23	55

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

11 Income tax (continued)

Deferred tax

Group

Deferred tax assets and liabilities

	Asset	Liability	Net deferred
	£ 000	£ 000	tax
2023			£ 000
Accelerated tax depreciation	-	(937)	(937)
Amortisation	-	(15,861)	(15,861)
Pension benefit obligations	21	-	21
Transition adjustments arising from first time adoption	-	(143)	(143)
Other items	782	-	782
	803	(16,941)	(16,138)
	803	(16,941)	(16,138)

	Asset	Liability	Net deferred
	£ 000	£ 000	tax
2022			£ 000
Accelerated tax depreciation	-	(768)	(768)
Amortisation	-	(17,604)	(17,604)
Pension benefit obligations	79	-	79
Transition adjustments arising from first time adoption	71	-	71
Other items	382	-	382
	532	(18,372)	(17,840)
	532	(18,372)	(17,840)

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

11 Income tax (continued)

Deferred tax movement during the year:

	At 1 October 2022 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 30 September 2023 £ 000
Accelerated tax depreciation	(768)	(169)	-	(937)
Amortisation	(17,604)	1,743	-	(15,861)
Pension benefit obligations	79	-	(58)	21
Transition adjustments arising from first time adoption	71	(214)	-	(143)
Other items	382	400	-	782
	<u>(17,840)</u>	<u>1,760</u>	<u>(58)</u>	<u>(16,138)</u>

Deferred tax movement during the prior year:

	At 1 October 2021 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 30 September 2022 £ 000
Accelerated tax depreciation	1,367	(2,135)	-	(768)
Amortisation	(19,110)	1,506	-	(17,604)
Pension benefit obligations	55	1	23	79
Transition adjustments arising from first time adoption	45	26	-	71
Other items	132	250	-	382
	<u>(17,511)</u>	<u>(352)</u>	<u>23</u>	<u>(17,840)</u>

There are £28,555 of deductible temporary differences (2022 - £28,555) for which no deferred tax asset is recognised in the statement of financial position.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

12 Intangible assets

Group

	Goodwill £ 000	Costs incurred in fulfilling contracts £ 000	Software £ 000	Other intangible assets £ 000	Total £ 000
Cost or valuation					
At 1 October 2021	149,770	4,110	1,642	97,389	252,911
Additions	-	43	600	1,000	1,643
Disposals	-	(263)	-	-	(263)
Transfers	-	711	-	-	711
	<u>149,770</u>	<u>4,601</u>	<u>2,242</u>	<u>98,389</u>	<u>255,002</u>
At 30 September 2022	149,770	4,601	2,242	98,389	255,002
Additions	-	2,452	631	-	3,083
Transfers	-	2,149	20	2	2,171
	<u>149,770</u>	<u>9,202</u>	<u>2,893</u>	<u>98,391</u>	<u>260,256</u>
At 30 September 2023	<u>149,770</u>	<u>9,202</u>	<u>2,893</u>	<u>98,391</u>	<u>260,256</u>
Amortisation					
At 1 October 2021	(8,412)	(2,447)	(1,011)	(15,696)	(27,566)
Amortisation charge	-	(831)	(355)	(8,310)	(9,496)
Amortisation eliminated on disposals	-	239	-	-	239
	<u>(8,412)</u>	<u>(3,039)</u>	<u>(1,366)</u>	<u>(24,006)</u>	<u>(36,823)</u>
At 30 September 2022	(8,412)	(3,039)	(1,366)	(24,006)	(36,823)
Amortisation charge	-	(1,786)	(400)	(8,331)	(10,517)
	<u>(8,412)</u>	<u>(4,825)</u>	<u>(1,766)</u>	<u>(32,337)</u>	<u>(47,340)</u>
At 30 September 2023	<u>(8,412)</u>	<u>(4,825)</u>	<u>(1,766)</u>	<u>(32,337)</u>	<u>(47,340)</u>
Carrying amount					
At 30 September 2023	<u>141,358</u>	<u>4,377</u>	<u>1,127</u>	<u>66,054</u>	<u>212,916</u>
At 30 September 2022	<u>141,358</u>	<u>1,562</u>	<u>876</u>	<u>74,383</u>	<u>218,179</u>

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

12 Intangible assets (continued)

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

	2023	2022
	£ 000	£ 000
Health in Justice	107,727	107,727
Secondary Care	33,631	33,631
Integrated Urgent Care	-	-
	<u>141,358</u>	<u>141,358</u>

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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

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:

All three cash generating units : 10.5% (2022: 9.8%)

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 £29m (2022: £35m). If the growth rate were to increase by 0.5%, then the overall Group value in use would increase by £12m (2022: £21m).

(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 for a further three year period. This growth rate is maintained at a broadly conservative rate of between 2% and 2.6% depending on the sector. 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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

13 Property, plant and equipment

Group

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Assets under construction £ 000	IT equipment £ 000	Total £ 000
Cost or valuation					
At 1 October 2021	5,091	21,556	6,059	1,363	34,069
Additions	61	2,721	8,689	507	11,978
Disposals	-	(128)	-	(47)	(175)
Transfers	-	1,458	(4,132)	964	(1,710)
At 30 September 2022	5,152	25,607	10,616	2,787	44,162
Additions	704	4,261	1,964	3,123	10,052
Disposals	(145)	(185)	(235)	(40)	(605)
Transfers	3	4,003	(8,812)	2,635	(2,171)
At 30 September 2023	5,714	33,686	3,533	8,505	51,438
Depreciation					
At 1 October 2021	(2,882)	(8,406)	(234)	(792)	(12,314)
Charge for year	(816)	(5,273)	-	(359)	(6,448)
Eliminated on disposal	-	92	-	33	125
At 30 September 2022	(3,698)	(13,587)	(234)	(1,118)	(18,637)
Charge for the year	(568)	(5,953)	-	(1,292)	(7,813)
Eliminated on disposal	-	-	234	-	234
At 30 September 2023	(4,266)	(19,540)	-	(2,410)	(26,216)
Carrying amount					
At 30 September 2023	1,448	14,146	3,533	6,095	25,222
At 30 September 2022	1,454	12,020	10,382	1,669	25,525

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

13 Property, plant and equipment (continued)

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 1 October 2021	766	62,900	19	63,685
Additions	262	3,520	9	3,791
Disposals	-	(1,342)	-	(1,342)
At 30 September 2022	1,028	65,078	28	66,134
Additions	781	8,545	-	9,326
Disposals	(99)	(137)	-	(236)
At 30 September 2023	1,710	73,486	28	75,224
Depreciation				
At 1 October 2021	(394)	(14,163)	(14)	(14,571)
Charge for year	(166)	(7,459)	(8)	(7,633)
At 30 September 2022	(560)	(21,622)	(22)	(22,204)
Charge for the year	(298)	(7,685)	(1)	(7,984)
At 30 September 2023	(858)	(29,308)	(23)	(30,189)
Carrying amount				
At 30 September 2023	852	44,178	5	45,035
At 30 September 2022	468	43,456	6	43,930

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

15 Investments

Summary of Company investments

	30 September 2023 £ 000	30 September 2022 £ 000
Investments in subsidiaries	115,600	115,600

Details of the Group subsidiaries as at 30/09/2023 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2023	2022
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 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 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	In liquidation	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%

* indicates direct investment of the Company

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

15 Investments (continued)

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

16 Other financial assets

	Group		Company	
	30 September 2023 £ 000	30 September 2022 £ 000	30 September 2023 £ 000	30 September 2022 £ 000
Non-current financial assets				
Fair value of interest rate cap	1,760	-	-	-
Long Term Loan to Management	1,444	-	-	-
	<u>3,204</u>	<u>-</u>	<u>-</u>	<u>-</u>

17 Inventories

	Group		Company	
	30 September 2023 £ 000	30 September 2022 £ 000	30 September 2023 £ 000	30 September 2022 £ 000
Medical consumables	<u>1,253</u>	<u>1,220</u>	<u>-</u>	<u>-</u>

18 Trade and other receivables

Current

	Group		Company	
	30 September 2023 £ 000	30 September 2022 £ 000	30 September 2023 £ 000	30 September 2022 £ 000
Trade receivables	10,731	7,231	-	-
Provision for impairment of trade receivables	<u>(140)</u>	<u>(135)</u>	<u>-</u>	<u>-</u>
Net trade receivables	10,591	7,096	-	-
Receivables from subsidiaries	-	-	1,071	189
Prepayments	6,946	5,606	-	-
Other receivables	6,703	2,269	-	-
Accrued income	16,851	10,605	-	-
Income tax asset	-	1,512	-	-
Loan to management	-	1,437	-	1,437
	<u>41,091</u>	<u>28,525</u>	<u>1,071</u>	<u>1,626</u>

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

18 Trade and other receivables (continued)

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.

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 2023 £ 000	30 September 2022 £ 000	30 September 2023 £ 000	30 September 2022 £ 000
0 to 30 days	4,093	995	-	-
31 to 60 days	633	312	-	-
61 to 90 days	295	132	-	-
91 to 120 days	18	19	-	-
Over 120 Days	274	307	-	-
	<u>5,313</u>	<u>1,765</u>	<u>-</u>	<u>-</u>

19 Cash and cash equivalents

	Group		Company	
	30 September 2023 £ 000	30 September 2022 £ 000	30 September 2023 £ 000	30 September 2022 £ 000
Cash on hand	1	1	-	-
Cash at bank	19,774	32,098	434	9
	<u>19,775</u>	<u>32,099</u>	<u>434</u>	<u>9</u>

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

20 Trade and other payables

	Group		Company	
	30 September 2023 £ 000	30 September 2022 £ 000	30 September 2023 £ 000	30 September 2022 £ 000
Trade payables	(36,816)	(28,297)	-	-
Accruals	(42,800)	(38,041)	(10)	-
Social security and other taxes	(5,925)	(5,541)	-	-
Other payables	(1,838)	(1,229)	(434)	(10)
Deferred income	(9,431)	(11,634)	-	-
Income tax liability	(437)	-	-	-
	<u>(97,247)</u>	<u>(84,742)</u>	<u>(444)</u>	<u>(10)</u>

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 2023 £ 000	30 September 2022 £ 000	30 September 2023 £ 000	30 September 2022 £ 000
Current loans and borrowings				
Term loan	<u>(271)</u>	-	-	-
	<u>(271)</u>	-	-	-
Non-current loans and borrowings				
Term loan	(100,533)	3	-	-
Loans from related parties	-	<u>(66,550)</u>	-	-
	<u>(100,533)</u>	<u>(66,547)</u>	-	-
	<u>(100,804)</u>	<u>(66,547)</u>	-	-

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

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

22 Other provisions

Group

	Onerous contracts £ 000	Death in custody provision £ 000	Dilapidation provisions £ 000	Total £ 000
At 1 October 2022	(84)	(3,792)	(4,287)	(8,163)
Increase in existing provisions	-	(2,597)	(163)	(2,760)
Provisions used	-	1,771	-	1,771
Unused provision reversed	48	484	-	532
Increase due to passage of time or unwinding of discount	-	-	(178)	(178)
Decrease due to change in financial assumptions	-	-	238	238
At 30 September 2023	<u>(36)</u>	<u>(4,134)</u>	<u>(4,390)</u>	<u>(8,560)</u>
Non-current liabilities	<u>-</u>	<u>(1,221)</u>	<u>(3,846)</u>	<u>(5,067)</u>
Current liabilities	<u>(36)</u>	<u>(2,913)</u>	<u>(544)</u>	<u>(3,493)</u>

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. The provision is expected to unwind over a period to 2045.

The Death in Custody provision covers the costs that we expect to incur through an inquest process, typically legal representation in court and advice beforehand, and costs relating to claims raised against us, which again will include legal advice & representation but also potential compensation due to claimants if cases go against us.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

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 include one Prudential Platinum scheme and three different subsections of the Mercer DB Master trust scheme including Urgent Care, Hospitals and Health & Rehabilitation Services.

These schemes are all sub-sections of 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.

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 and 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.

Actuarial valuations of the Sub-Scheme are carried out on a regular basis: usually every three years with the most recent valuation being carried out at 31 December 2022. These valuations determine the contributions that the Company pays into the Sub-Scheme to ensure it is fully funded. At the valuation date the Sub-Scheme was fully funded on a technical provisions basis and therefore the Group is not required to make any cash contributions into the scheme.

Contributions payable to the pension scheme at the end of the year are £Nil (2022 - £Nil).

The expected contributions to the plan for the next reporting period are £43k.

The scheme was most recently valued on 31/12/2022.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

23 Pension and other schemes (continued)

Federated Pension Plan: Urgent Care

The Urgent Care section of the Federated Pension Plan has 51 past and 2 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 (2022 - £Nil).

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

The scheme was most recently valued on 05/04/2022. The scheme showed a surplus of £204k.

The Company pays £3.3k per month to cover administration expenses and PPF levy.

Federated Pension Plan: Hospitals

The Hospitals section of the Federated Pension Plan has 11 active employees and 4 members who have retired or have vested benefits.

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 (2022 - £Nil).

The expected contributions to the plan for the next reporting period are £166k.

The scheme had a deficit of £200k at its most recent triennial valuation.

Federated Pension Plan: Health & Rehabilitation Services

The Health & Rehabilitation services section of the Federated Pension Plan has 1 active and 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.

Contributions payable to the pension scheme at the end of the year are £Nil (2022 - £Nil).

The expected contributions to the plan for the next reporting period are £25k.

The scheme was most recently valued on 05/04/2022. The scheme showed a surplus of £193k.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

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:

	FPP: Health & Prudential Platinum 30 September 2023 £ 000		Rehabilitation Services 30 September 2023 £ 000	FPP: Hospitals 30 September 2023 £ 000		FPP: Urgent Care 30 September 2023 £ 000	Total 30 September 2023 £ 000
Fair value of scheme assets	1,723		1,261	1,369		3,253	7,606
Present value of scheme liabilities	<u>(1,397)</u>		<u>(1,345)</u>	<u>(702)</u>		<u>(1,589)</u>	<u>(5,033)</u>
	<u>326</u>		<u>(84)</u>	<u>667</u>		<u>1,664</u>	<u>2,573</u>
Effect of asset ceiling	<u>(326)</u>		<u>-</u>	<u>(667)</u>		<u>(1,664)</u>	<u>(2,657)</u>
Defined benefit pension scheme deficit	<u>-</u>		<u>(84)</u>	<u>-</u>		<u>-</u>	<u>(84)</u>
	FPP: Prudential Platinum 30 September 2022 £ 000		Rehabilitation Services 30 September 2022 £ 000	FPP: Hospitals 30 September 2022 £ 000		FPP: Urgent Care 30 September 2022 £ 000	Total 30 September 2022 £ 000
Fair value of scheme assets	1,851		1,499	1,689		4,446	9,485
Present value of scheme liabilities	<u>(1,478)</u>		<u>(1,816)</u>	<u>(801)</u>		<u>(1,742)</u>	<u>(5,837)</u>
	<u>373</u>		<u>(317)</u>	<u>888</u>		<u>2,704</u>	<u>3,648</u>
Effect of asset ceiling	<u>(373)</u>		<u>-</u>	<u>(888)</u>		<u>(2,704)</u>	<u>(3,965)</u>
Defined benefit pension scheme deficit	<u>-</u>		<u>(317)</u>	<u>-</u>		<u>-</u>	<u>(317)</u>

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.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

23 Pension and other schemes (continued)

Scheme assets

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

	30 September 2023 £ 000	30 September 2022 £ 000
Fair value at start of year	9,485	8,805
Interest income	479	181
Return on plan assets, excluding amounts included in interest income/(expense)	(1,818)	294
Actuarial gains and losses arising from changes in financial assumptions	(570)	-
Employer contributions	319	405
Contributions by scheme participants	39	46
Benefits paid	(176)	(136)
Administrative expenses paid	(152)	(110)
Fair value at end of year	7,606	9,485

Analysis of assets

The major categories of scheme assets are as follows:

	30 September 2023 £ 000	30 September 2022 £ 000
Cash and cash equivalents	42	37
Equities	1,213	2,226
Debt instruments	4,696	6,240
Investment funds	1,655	982
	7,606	9,485

Actual return on scheme's assets

	30 September 2023 £ 000	30 September 2022 £ 000
Actual return on scheme assets	336	475

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

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

23 Pension and other schemes (continued)

Scheme liabilities

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

	30 September 2023 £ 000	30 September 2022 £ 000
Present value at start of year	(5,837)	(9,099)
Current service cost	(97)	(344)
Actuarial gains and losses arising from changes in demographic assumptions	(59)	129
Actuarial gains and losses arising from changes in financial assumptions	725	4,103
Actuarial gains and losses arising from experience adjustments	394	(529)
Interest cost	(296)	(187)
Benefits paid	176	136
Contributions by scheme participants	<u>(39)</u>	<u>(46)</u>
Present value at end of year	<u><u>(5,033)</u></u>	<u><u>(5,837)</u></u>

Effect of asset ceiling

A reconciliation of the effect of the asset ceiling is as follows:

	30 September 2023 £ 000	30 September 2022 £ 000
Opening balance	(3,965)	-
Interest cost	(197)	-
Changes in asset ceiling, excluding amounts included in interest	<u>1,505</u>	<u>(3,965)</u>
Closing balance	<u><u>(2,657)</u></u>	<u><u>(3,965)</u></u>

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are below. These assumptions are the average assumptions across all four defined benefit schemes.

	30 September 2023 %	30 September 2022 %
Discount rate	6	5
Future salary increases	3	3
RPI Inflation	<u>3</u>	<u>4</u>

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

23 Pension and other schemes (continued)

Post retirement mortality assumptions

	30 September 2023 Years	30 September 2022 Years
Current UK pensioners at retirement age - male	85	86
Current UK pensioners at retirement age - female	87	89
Future UK pensioners at retirement age - male	86	88
Future UK pensioners at retirement age - female	<u>89</u>	<u>90</u>

Amounts recognised in the income statement

	30 September 2023 £ 000	30 September 2022 £ 000
Amounts recognised in operating profit		
Current service cost	(97)	(344)
Losses (gains) on curtailments and settlements	<u>(152)</u>	<u>(110)</u>
Recognised in arriving at operating profit	<u>(249)</u>	<u>(454)</u>
Amounts recognised in finance income or costs		
Net interest	<u>(14)</u>	<u>(6)</u>
Total recognised in the income statement	<u>(263)</u>	<u>(460)</u>

Amounts taken to the Statement of Comprehensive Income

	30 September 2023 £ 000	30 September 2022 £ 000
Actuarial gains and losses arising from changes in demographic assumptions	(59)	129
Actuarial gains and losses arising from changes in financial assumptions	725	4,103
Actuarial gains and losses arising from experience adjustments	394	(529)
Return on plan assets, excluding amounts included in interest income/(expense)	(2,388)	294
Changes in the effect of the asset ceiling	<u>1,505</u>	<u>(3,965)</u>
Amounts recognised in the Statement of Comprehensive Income	<u>177</u>	<u>32</u>

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

24 Share capital

Allotted, called up and fully paid shares

	30 September 2023		30 September 2022	
	No.	£	No.	£
Ordinary A shares of £1 each	110,600,000	110,600,000	115,600,000	115,600,000
Ordinary B shares of £1 each	164,000	164,000	200,000	200,000
	<u>110,764,000</u>	<u>110,764,000</u>	<u>115,800,000</u>	<u>115,800,000</u>

Purchase of own shares

During the year the Company purchased 36,000 of its own B Ordinary shares at a nominal value of £36,000. The B Ordinary shares were purchased for a consideration of £463,320 and represent 18% of the called up share capital of that class of share. The Company purchased 36,000 shares at par when the shareholder exited the Company.

During the year, the Company did a capital reduction which reduced its Ordinary A share capital by £5,000,000.

Of the B ordinary shares, 10,000 are held by the EBT at 30th September 2023 (2022: 6,000 shares).

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

25 Leases

The Group uses leases across its business as a means of obtaining the right to 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 Balance Sheet.

There are no leases within the Company.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

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 2023 £ 000	30 September 2022 £ 000
Less than one year	(10,305)	(6,678)
2 years	(5,056)	(5,183)
3 years	(4,441)	(4,370)
4 years	(4,119)	(4,166)
5 years	(3,425)	(3,932)
6 years	(3,120)	(3,331)
7 years	(3,120)	(2,950)
8 years	(3,018)	(2,950)
9 years	(2,288)	(2,950)
10 years	(2,288)	(2,225)
Between 10 to 15 years	(11,440)	(11,123)
More than 15 years	(11,739)	(13,632)
Lease liabilities (undiscounted)	<u>(64,359)</u>	<u>(63,490)</u>
Impact of discounting	16,925	17,809
Lease liabilities (discounted)	<u>(47,434)</u>	<u>(45,681)</u>

Total cash outflows related to leases

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

	30 September 2023 £ 000	30 September 2022 £ 000
Payment		
Right of use assets	<u>9,439</u>	<u>8,900</u>

Total lease costs recognised in the income statement are presented in the table below:

	30 September 2023 £ 000	30 September 2022 £ 000
Amounts included in profit or loss:		
Reversal of qualifying lease costs	(9,345)	(8,840)
Interest payable - Finance lease interest	2,106	1,928
Depreciation of right of use asset	<u>7,984</u>	<u>7,633</u>
Total charge	<u>745</u>	<u>721</u>

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

26 Share-based payments

Since 2019, certain senior management have been 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. 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. 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 31 for details of related party transactions.

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 with an additional 36,000 shares issued in 2021. 36,000 shares were re-purchased by the Company during year ended 30th September 2023.

During the year, the EBT has purchased 20,000 shares and has issued 16,000, leaving a balance of 10,000 shares held by the EBT at 30th September 2023.

27 Dividends

Interim dividends paid

	30 September 2023 £ 000	30 September 2022 £ 000
Interim dividend paid on A ordinary shares	<u>53,297</u>	<u>-</u>

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

28 Contingent liabilities

Group

In the event that the Group fails to comply with covenants in the Senior Facilities Agreement ("SFA"), 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 2023, there is a nil balance outstanding under the RCF, and a £100m Term Loan has been fully drawn.

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.

29 Analysis of changes in net debt

Group

	At 1 October 2022 £ 000	Financing cash flows £ 000	Rolled up interest £ 000	Operating Cashflow £ 000	At 30 September 2023 £ 000
Cash and cash equivalents					
Cash	32,099	(17,642)	-	5,318	19,775
	<u>32,099</u>	<u>(17,642)</u>	<u>-</u>	<u>5,318</u>	<u>19,775</u>
Borrowings					
Loans from related party	(66,550)	66,703	(153)	-	-
Borrowings under SFA	-	(100,000)	-	-	(100,000)
	<u>(66,550)</u>	<u>(33,297)</u>	<u>(153)</u>	<u>-</u>	<u>(100,000)</u>
	<u>(34,451)</u>	<u>(50,939)</u>	<u>(153)</u>	<u>5,318</u>	<u>(80,225)</u>

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

29 Analysis of changes in net debt (continued)

	At 1 October 2021 £ 000	Financing cash flows £ 000	Rolled up interest £ 000	Operating cash flows £ 000	At 30 September 2022 £ 000
Cash and cash equivalents					
Cash	<u>19,014</u>	<u>-</u>	<u>-</u>	<u>13,085</u>	<u>32,099</u>
	19,014	-	-	13,085	32,099
Borrowings					
Loans from related party	<u>(65,538)</u>	<u>-</u>	<u>(1,012)</u>	<u>-</u>	<u>(66,550)</u>
	<u>(46,524)</u>	<u>-</u>	<u>(1,012)</u>	<u>13,085</u>	<u>(34,451)</u>
Total net debt	<u><u>(46,524)</u></u>	<u><u>-</u></u>	<u><u>(1,012)</u></u>	<u><u>13,085</u></u>	<u><u>(34,451)</u></u>

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

30 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

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

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.

2023	Carrying amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	More than 5 years
Non-derivative assets	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Trade receivables	10,591	10,591	-	-	-	-
Accrued income	16,851	3,264	12,846	741	-	-
Other receivables	6,703	6,703	-	-	-	-
Cash and short-term deposits	<u>19,775</u>	<u>19,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2023						Carrying amount
Derivative assets						£ 000
Risk management:						
Interest rate cap						<u>1,760</u>

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

30 Financial risk review (continued)

2022	Carrying amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	More than 5 years
Non-derivative assets	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Trade receivables	7,096	7,096	-	-	-	-
Accrued income	10,605	2,849	737	7,019	-	-
Other receivables	2,269	2,206	-	-	63	-
Cash and short-term deposits	<u>32,099</u>	<u>32,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2023	Carrying amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	More than 5 years
Non-derivative liabilities	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Trade creditors	(36,816)	(11,892)	(22,594)	(2,330)	-	-
Accruals	(42,800)	(17,324)	(25,476)	-	-	-
Other payables	(1,838)	(1,838)	-	-	-	-
Term Loan exc issue fees	<u>(104,069)</u>	<u>-</u>	<u>-</u>	<u>(271)</u>	<u>-</u>	<u>(103,798)</u>

2022	Carrying amount	Less than 1 month	1-3 months	3 months - 1 year	1- 5 years	More than 5 years
Non-derivative liabilities	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Trade creditors	(28,297)	(13,496)	(11,905)	(2,896)	-	-
Accruals	(38,041)	(13,744)	(24,297)	-	-	-
Other payables	(1,229)	(1,229)	-	-	-	-
Loan notes	<u>(66,550)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,550)</u>	<u>-</u>

Market risk

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

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

30 Financial risk review (continued)

2023

	Carrying amount £ 000
Assets subject to market risk	
Cash and short-term deposits	19,775
Interest rate cap	1,760
	21,535
Liabilities subject to market risk	
Long-term financial liabilities	(100,000)

2022

	Carrying amount £ 000
Assets subject to market risk	
Cash and short-term deposits	32,099
Liabilities subject to market risk	
Amounts owed to related parties	(66,550)

Interest rate risk

The Group is exposed to interest rate risk from its cash holdings and any amounts borrowed under the Senior Financing Agreement. 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 Group has entered into an interest rate cap to mitigate against fluctuations in interest rates relating to the £100m term loan.

Capital risk management

Capital components

At the inception of the Group in 2019, the Group was financed via a blend of both debt and equity from its shareholder. Following the refinancing during the current financial year, the Group has repaid its shareholder debts in full and debt financing is now provided by third party lenders.

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

30 Financial risk review (continued)

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 Senior Facilities Agreement which includes the £100m term loan and any borrowings under the RCF or overdraft facilities. At 30th September 2023, there were no outstanding borrowings under the RCF or overdraft.

31 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 2023 (continued)

31 Related party transactions (continued)

Key management compensation

	30 September 2023 £ 000	30 September 2022 £ 000
Salaries and other short term employee benefits	2,557	1,917
Post-employment benefits	154	88
Other long-term benefits	3,098	-
	5,809	2,005

Expenditure with and payables to related parties

	Parent £ 000
2023	
Rendering of services	39
Amounts payable to related party	(29)

	Parent £ 000
2022	
Rendering of services	39
Amounts payable to related party	(10)

Loans to related parties

	Key management £ 000
2023	
At start of period	1,437
Advanced	542
Repaid	(565)
Interest charged	30
At end of period	1,444

	Key management £ 000
2022	
At start of period	1,315
Advanced	95
Interest charged	27
At end of period	1,437

Notes to the Financial Statements for the Year Ended 30 September 2023 (continued)

31 Related party transactions (continued)

Loans from related parties

	Parent £ 000
2023	
At start of period	(66,550)
Repaid	66,703
Interest charged	<u>(153)</u>
At end of period	<u>-</u>
2022	
At start of period	(65,538)
Interest charged	<u>(1,012)</u>
At end of period	<u>(66,550)</u>

Terms of loans from related parties

As part of the financing arrangements pertaining to the acquisition of Practice Plus Group Holdings Limited during the year ended 30 September 2020, the Group has borrowed £100.0m in Loan Notes from Bridgepoint. £46.6m at zero coupon and £53.4m at 5.5%. Both loans were originally due to mature in 2029. During the year ended 30 September 2021, the Group repaid £40.0m of the £53.4m tranche and the balance was repaid during the year ended 30 September 2023 following the refinancing.

32 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 plc, registered in England and Wales with company number 11443992 and listed on the London Stock Exchange.

The Company's immediate parent is BEP IV (Nominees) Limited, incorporated in the United Kingdom

The most senior parent entity producing publicly available financial statements is Practice Plus Group Topco Limited. These financial statements are available upon request from

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