Registration number: 02482660

Practice Plus Group Pharmacy Services Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2022

Practice Plus Group Pharmacy Services Limited
Registered number: 02482660

Contents

Company Information

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

Strategic Report for the Year Ended 30 September 2022

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

Principal activity

The principal activity of the Company is the provision of pharmacy services in the healthcare sector.

Our values

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

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

Review of the business

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

	Unit	2022	2021
Revenue	£'000	11,264	8,153
Gross profit	%	10	8
Operating profit	%	8	5

Principal risks and uncertainties

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

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 the Company's contracts with customers is such that the impact of inflation is passed back through the contracted revenue price which helps to mitigate the impact.

People risk

The 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 is causing 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. In the non-medical arena, staffing also continues to be an issue with the jobs market seeing the legacy impact of COVID-19 and Brexit.

Engagement with suppliers

The Company does not follow a specific code or statement on payment practices. However it is the Company's policy to pay its suppliers in accordance with the payment terms agreed at the outset of the relationship providing the supplier adheres to their obligations.

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

David Stickland
Director

Directors' Report for the Year Ended 30 September 2022

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

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

James Easton

David Stickland

Dividends
The Company has paid £nil dividends during the year (2021: £nil).

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

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

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

Future developments
All customer contracted are with other companies within the Group and would be renewed when external prison contracts are renewed. These are expected to come up for renewal between 2023 and 2029. As such, the Directors consider the future outlook to be satisfactory.

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

• The Company is in a net asset position.

• The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking into account all reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.This budget reflects the impact of the Group refinancing arrangements which has occurred since the 30th September 2022 and which led to the extension of the RCF and the overdraft facilities.

• Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore have prepared the accounts on a going concern basis.

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

Important non adjusting events after the financial period
On 2nd November 2022, the Group signed a new Senior Facilities Agreement for £120m. This comprises two tranches- a £100m Term Loan , repayable on 18th November 2029; and a £20m Revolving Credit Facility ("RCF"), repayable on 18th May 2029. The Term Loan of £100m was drawn in full on 18th November 2022 and bears interest at a rate of SONIA +6.5%. £5m of the RCF has been scoped as an overdraft facility, with the remaining £15m available for RCF drawdowns. The RCF bears interest at SONIA +3.75%.

The Group has incurred fees directly relating to the re-financing of 2.75% of the Term Loan amount which was deducted from the proceeds, and 3% fee on the RCF which will be paid at a later date.

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

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

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

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

David Stickland

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

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

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

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

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

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

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

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

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

• we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

• we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the 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.

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

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

• Enquiring of Directors, legal officer and inspection of key papers provided to those charged with governance as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing" 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 journal entries to test based on risk criteria and comparing the identified entries supporting documentation. These included those posted by individuals who typically do not make journal entries, journals containing key words and unusual or unexpected account combinations with Revenue and unusual or unexpected account combinations with Cash and borrowings;
• Sample testing invoices relating to the period prior to and following 30 September 2022 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 Pharmacy Services Limited (continued)

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

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

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

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

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

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

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

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

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

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

Strategic report and Directors' report

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

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:
• we have not identified material misstatements in the strategic report and the Directors' report;
• in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
• in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in the their statement set out on page 6, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

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

Jonathan Brown

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

24 February 2023

Profit and Loss Account for the Year Ended 30 September 2022

	Note	2022 £ 000	2021 £ 000
Turnover	4	11,264	8,153
Cost of sales		(10,155)	(7,532)
Gross profit		1,109	621
Administrative expenses		(208)	(235)
Operating profit	5	901	386
Interest payable and similar expenses	6	(82)	(54)
Profit before tax		819	332
Tax on profit	10	(8)	(4)
Profit for the financial year		811	328

The above results were derived from continuing operations.

The Company has no recognised gains or losses for the current or prior year other than the results above.

The notes on pages 15 to 34 form an integral part of these financial statements.

Balance Sheet
As at 30 September 2022

	Note	30 September 2022 £ 000	30 September 2021 £ 000
Fixed assets			
Tangible assets	11	9	32
Current assets			
Debtors	12	2,903	1,988
Cash at bank and in hand	13	50	50
		2,953	2,038
Creditors: Amounts falling due within one year	14	(2,547)	(2,474)
Net current assets/(liabilities)		406	(436)
Total assets less current liabilities		415	(404)
Provisions for liabilities	10	(12)	(4)
Net assets/(liabilities)		403	(408)
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account		403	(408)
Shareholders' funds/(deficit)		403	(408)

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

David Stickland
Director

The notes on pages 15 to 34 form an integral part of these financial statements.

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

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 October 2020	-	(736)	(736)
Profit for the year	-	328	328
Total comprehensive income	-	328	328
At 30 September 2021	-	(408)	(408)

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 October 2021	-	(408)	(408)
Profit for the year	-	811	811
Total comprehensive income	-	811	811
At 30 September 2022	-	403	403

The notes on pages 15 to 34 form an integral part of these financial statements.

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

1 General information

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

The address of its registered office is:
Hawker House,
5-6 Napier Court,
Napier Road,
Reading,
Berkshire,
RG1 8BW

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

2 Accounting policies

Statement of compliance

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

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

Basis of preparation

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

Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS101 relating to the following disclosures:

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

2 Accounting policies (continued)

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

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

Summary of significant accounting policies and key accounting estimates
The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1st October 2019 for the purposes of the transition to FRS 101.

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

• The Company is in a net asset position.

• The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking into account all reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.This budget reflects the impact of the Group refinancing arrangements which has occurred since the 30th September 2022 and which led to the extension of the RCF and the overdraft facilities.

• Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore have prepared the accounts on a going concern basis.

Revenue recognition

Recognition

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

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

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

2 Accounting policies (continued)

Fee arrangements

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

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

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

Transaction price

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

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

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

Contract assets and receivables

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

Contract receivables (loans and advances) are recognised in the statement of financial position when the company's right to consideration becomes unconditional.

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

2 Accounting policies (continued)

Contract liabilities

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

Net basis of measurement of contract balances

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

Impairment of contract related balances

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

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

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.

2 Accounting policies (continued)

Tax

The tax expense for the period comprises 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.

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

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

Tangible assets

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

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

Depreciation

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

Asset class	**Depreciation method and rate**
Assets under construction	No depreciation charged until asset is ready for use
Furniture, Fixtures & Fittings	Straight line: 3 to 5 years

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.

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

2 Accounting policies (continued)

Financial instruments

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

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

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

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

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

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

Financial assets are classified into one of the following three categories:-
· financial assets at amortised cost;
· financial assets at fair value through other comprehensive income (FVTOCI); or
· financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-
· financial liabilities at amortised cost; or
· financial liabilities at fair value through the profit or loss (FVTPL).

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

2 Accounting policies (continued)

Financial assets at amortised cost

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

· the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

2 Accounting policies (continued)

Derecognition

Financial assets

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

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

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

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

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

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

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

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

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

Financial liabilities

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

2 Accounting policies (continued)

Modification of financial assets and financial liabilities

Financial assets

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

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

Financial liabilities

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

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

2 Accounting policies (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

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

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

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

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

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

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

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

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

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

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

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

2 Accounting policies (continued)

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

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

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

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

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

3 Critical accounting judgements and key sources of estimation uncertainty

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

Management regularly discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. No significant accounting judgements in applying have been applied by the Company in order to prepare these financial statements.

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

4 Turnover

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

	2022 £ 000	2021 £ 000
Rendering of services	11,264	8,153

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

Current assets and liabilities

	30 September 2022 £ 000	30 September 2021 £ 000
Accrued income	1,181	1,565

Reconciliation of accrued income

	2022 £ 000	2021 £ 000
Accrued income at 1 October	1,565	677
Work performed not yet billed	1,181	1,565
Billed	(1,565)	(677)
Accrued income at 30 September	1,181	1,565

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

5 Operating profit

Arrived at after charging

	2022 £ 000	2021 £ 000
Depreciation expense	5	3

6 Interest payable and similar expenses

	2022 £ 000	2021 £ 000
Interest paid to Group undertakings	82	53
Other finance costs	-	1
	82	54

7 Staff costs and numbers

The Company had no employees in the current or prior year. The Company received recharges from another Group company relating to staff who have been seconded into this Company during the year. These recharges totalled £4,430k (2021: £3,892k).

8 Directors' remuneration

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

The emoluments of J Easton and D Stickland for services to the Practice Plus Group are paid by and disclosed within the accounts of Practice Plus Group Holdings Limited.

9 Auditors' remuneration

	2022 £ 000	2021 £ 000
Audit of the financial statements	8	6

10 Income tax

Tax charged in the profit and loss account

	2022 £ 000	2021 £ 000
Deferred taxation		
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	1	-
Deferred tax relating to the current year	4	4
Deferred tax relating to rate change	3	-
Total deferred taxation	8	4

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

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	819	332
Corporation tax at standard rate of 19% (2021: 19%)	156	63
Decrease from effect of capital allowances depreciation	(1)	(1)
Decrease arising from group relief tax reconciliation	(150)	(58)
Deferred tax expense relating to changes in tax rates or laws	3	-
Total tax charge	8	4

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

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

10 Income tax (continued)

Deferred tax

Deferred tax assets and liabilities

2022	**Liability £ 000**
Accelerated tax depreciation	(12)

2021	**Liability £ 000**
Accelerated tax depreciation	(4)

Deferred tax movement during the year:

	At 1 October 2021 £ 000	**Recognised in income £ 000**	**At 30 September 2022 £ 000**
Accelerated tax depreciation	(4)	(8)	(12)

10 Income tax (continued)

Deferred tax movement during the prior year:

	At 1 October 2020 £ 000	Recognised in income £ 000	At 30 September 2021 £ 000
Accelerated tax depreciation	-	(4)	(4)

11 Tangible assets

	Furniture, fittings and equipment £ 000	Assets under construction £ 000	Total £ 000
Cost or valuation			
At 1 October 2021	35	-	35
Additions	3	3	6
Disposals	(28)	-	(28)
At 30 September 2022	10	3	13
Depreciation			
At 1 October 2021	3	-	3
Charge for the year	5	-	5
Eliminated on disposal	(4)	-	(4)
At 30 September 2022	4	-	4
Carrying amount			
At 30 September 2022	6	3	9
At 30 September 2021	32	-	32

12 Trade and other debtors

	30 September 2022 £ 000	30 September 2021 £ 000
Trade debtors	1,137	-
Accrued income	1,181	1,565
Other debtors	585	423
	2,903	1,988

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

13 Cash at bank and in hand

	30 September 2022 £ 000	30 September 2021 £ 000
Cash at bank	50	50

14 Trade and other creditors

	30 September 2022 £ 000	30 September 2021 £ 000
Trade creditors	546	567
Accruals	624	617
Amounts due to Group undertakings	1,377	1,290
	2,547	2,474

The amounts due to Group undertakings generally bear interest at the annual fixed rate of 7.5%, charged monthly on the previous quarter end balance. The loan is unsecured and the amounts advanced are repayable in full on demand. The Company may, at its discretion, make repayments on account of the principal amounts outstanding.

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

15 Share capital

Allotted, called up and fully paid shares

	30 September 2022 No.	30 September 2022 £	30 September 2021 No.	30 September 2021 £
Ordinary shares of £1 each	2	2	2	2

16 Parent and ultimate parent undertaking

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

The Company's immediate parent is Practice Plus Group Health & Rehabilitation Services Limited, incorporated in the United Kingdom.

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

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

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

The ultimate controlling party is BEP IV (Nominees) Limited.

17 Non adjusting events after the financial period

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

The Group has incurred fees directly relating to the re-financing of 2.75% of the Term Loan amount which was deducted from the proceeds, and 3% fee on the RCF which will be paid at a later date.