Registration number: 05459713

Tunstall Group Holdings Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 30 September 2020

Contents

Strategic Report	1 to 11
Directors' Report	12 to 13
Statement of Directors' Responsibilities in respect of the Annual Report, the Directors' Report and the Financial Statements	14
Independent Auditor's Report to the members of Tunstall Group Holdings Limited	15 to 16
Consolidated Income Statement	17
Consolidated Statement of Comprehensive Income	18
Consolidated Statement of Financial Position	19 to 20
Consolidated Statement of Changes in Equity	21 to 22
Consolidated Statement of Cash Flows	23 to 24
Company Statement of Financial Position	25
Company Statement of Changes in Equity	26
Notes to the Financial Statements	27 to 87

Strategic Report for the Year Ended 30 September 2020

The Directors present the Strategic Report of Tunstall Group Holdings Limited (the "Company") for the year ended 30 September 2020.

Principal activity

The Company is a holding Company and the principal activity of its subsidiary undertakings is the provision of data driven, technology-enabled solutions and services to enable their customers to deliver new, more efficient and effective models for health and care management in the community setting, across each of its main Regions which are the UK & Ireland, the Nordics, Spain, France, Benelux, DACHME (Germany, Austria, Switzerland & Middle East) and Australasia.

Review of the business

Refinancing

On 3 August 2020 the Group was purchased by Don Jersey Bidco Limited (subsequently renamed Tunstall Integrated Healthcare Finance Limited), a subsidiary of Don Jersey Topco Limited (subsequently renamed Tunstall Integrated Healthcare Holdings Limited), a new entity set up for the purpose of the transaction. As part of the transaction there was a reduction of the existing bank debt to €197,676,000 (the equivalent of £180,000,000 at the date of the transaction), and an extension to the maturity of the bank debt, as well as the forgiveness of the balances owed to the former parent entity TGH Acquisitions Limited of £531,000,000. In addition a new bank covenant was set and a new super senior term loan facility of €20,000,000 made available for drawdown. This results in a significantly strengthened Group financial structure and balance sheet, and higher available liquidity. Further details are provided in note 8 and note 25.

Financial performance

Revenue as shown in the Group's Consolidated Income Statement for the year amounted to £204,459,000 (2019: £216,690,000) and the Group's operating profit was £17,829,000 (2019: £19,523,000). The Group's operating profit before charging depreciation, amortisation and exceptional items ("Adjusted EBITDA" as reconciled on page 5) decreased to £48,737,000 (2019: £49,174,000) despite the increase of approximately £3,900,000 from the adoption of IFRS 16, which moved costs from adjusted EBITDA to depreciation and finance costs. Approximately 70% (2019: 68%) of the Group's revenues are in non-sterling currencies. The lower operating profit and adjusted EBITDA in comparison to the previous year principally reflects the impact of COVID-19 on the business.

The Consolidated Income Statement as set out on page 17 of the financial statements shows a profit from continuing operations for the financial year of £37,277,000 (2019: loss of £72,102,000), the improvement being due to the gain made on extinguishment of debt as a result of the business refinancing.

The following commentary sets out the performance achieved by each of the Group's Regions.

UK & Ireland

The core UK business revenue of £60,909,000 is a fall of 10.7% year on year (2019: £68,186,000), principally reflecting the impact of COVID-19. The COVID-19 impact was most significant in the Group Living market with lockdown restrictions in the UK impacting access to Group Living facilities and delaying a number of projects. There was also some impact to customer demand in the Independent Living equipment market. Demand has however started to recover in FY21. As a result of this, adjusted EBITDA fell by 5.5% despite a 4% positive impact of the adoption of IFRS16.

Strategic Report for the Year Ended 30 September 2020 (continued)

Review of the business (continued)

Nordics

Revenue in the Nordics fell by 2.2%. The managed services business continues to grow strongly, but this growth was more than offset by the impact of COVID-19 on the Group Living business, with restricted access to Group Living facilities and delayed projects. Adjusted EBITDA grew by 6.9% principally from the impact of adopting IFRS 16. Excluding this, adjusted EBITDA was broadly in line with the previous year with most of the impact from a decrease in revenue mitigated through cost efficiency.

Spain

Spain saw revenue reduction of 6.5% due to the timing of significant Independent Living equipment tenders being delayed, in part due to COVID-19. The managed services business continues to grow albeit the pace of growth was negatively impacted by COVID-19 and its impact on the number of user referrals. A 2.4% adjusted EBITDA reduction, despite the 11.0% favourable impact of IFRS 16, is as a result of the revenue decrease.

France

France achieved strong revenue and adjusted EBITDA growth of 9.3% and 15.8% respectively with the managed services business continuing to grow strongly despite COVID-19. Adjusted EBITDA growth includes an 8.5% benefit from IFRS 16.

Benelux

Benelux experienced a decline in revenue of 15.0% and 12.6% in adjusted EBITDA, principally driven by the impact of COVID-19 on customer demand, and some lost clients.

Australasia

Revenue in Australasia showed a steady increase of 2.2% with good growth in equipment sales. However there was a decrease in adjusted EBITDA of 2.9%, as a result of additional costs incurred in respect of certain product lines.

DACHME

Revenue decreased by 6.2% in DACHME due to the impact of COVID-19 on customer demand, with a number of hospital tenders and projects delayed. Overall adjusted EBITDA reduced by 9.7% despite a favourable impact from the adoption of IFRS 16 of 2.1%.

Depreciation and amortisation

The Group's depreciation charge in the year increased to £15,607,000 (2019: £11,485,000) as a result of £3,922,000 in relation to assets reclassified as right of use assets under IFRS 16, as well as the continued investment to support the growth of the Group's managed services contracts.

Amortisation of development expenditure increased to £8,877,000 (2019: £7,810,000) as the Group continued to develop its Integrated Health and Care solutions.

Amortisation of customer related and computer software intangible assets was in line with the previous year at £1,745,000 (2019: £1,731,000).

The total amortisation charge increased to £10,622,000 (2019: £9,541,000).

Strategic Report for the Year Ended 30 September 2020 (continued)

Review of the business (continued)

Exceptional items

The Group presents certain items that are non-recurring and significant in nature as exceptional items. These relate to items which, in the Directors' judgement, need to be disclosed by virtue of their size and incidence in order to obtain a more meaningful understanding of the information contained in the financial statements.

The Group incurred a net exceptional charge of £4,679,000 in the year ended 30 September 2020 (2019: £9,165,000). The most significant element was the cost associated with the Group's initiative to drive significant cost and operational efficiencies to support the implementation of the Group's growth strategy, along with incremental costs incurred as a result of COVID-19. More details are provided in note 7 of the financial statements.

Goodwill impairment

The Directors have reviewed the carrying value of Goodwill. An impairment charge of £16,789,000 has been recognised in the year ended 30 September 2020 (2019: £544,000).

Net finance costs

Net finance costs for the year decreased to £89,965,000 (2019: £90,774,000). This principally comprises £23,072,000 of interest payable on the Group's Senior debt (2019: £24,843,000) and £62,319,000 of interest payable to fellow Group undertakings (2019: £64,702,000). In addition to this, in the current year, there was a foreign exchange loss of £3,595,000 principally in relation to the Euro denominated Senior Term Loan and intercompany currency loans (2019: foreign exchange gain of £390,000).

In addition the Group made a gain on the extinguishment of debt of £125,116,000 following the refinancing and debt for equity swap.

Taxation

The Group recorded an income tax credit of £1,902,000 (2019: credit of £308,000). The Group generally incurs a tax expense as a result of taxable profits in overseas jurisdictions and due to the fact that certain interest charges are not deductible in arriving at UK profits or losses chargeable for tax. The Group's tax expense is also affected by brought forward tax losses and timing differences that are recognised as deferred tax. The credit principally arises from additional deferred tax assets recognised in respect of losses.

Acquisitions and disposals

No acquisitions occurred in the current year.

During the previous year, the Group acquired one subsidiary, La Tourangelle in France for cash consideration of €550,000 and estimated contingent consideration of €280,000. This was subsequently merged into an existing French entity.

Cash flow

Cash generated from operations increased to £51,837,000 compared with £42,842,000 in the previous year. Operating cash flow represented 106.4% of adjusted EBITDA (2019: 86.2%) with the increase due to the timing of working capital cash flows, partly due to government support measures in respect of COVID-19.

Net interest paid almost entirely relates to servicing the Group's Senior debt and amounted to £5,808,000 (2019: £20,639,000) with the decrease being due to the timing of interest payments. During the year no loan repayments were made (2019: £14,872,000).

Additional costs of £9,035,000 (2019: £nil) were paid out in relation to the refinancing in August 2020, largely comprising advisor costs.

Strategic Report for the Year Ended 30 September 2020 (continued)

Review of the business (continued)

Cash flow (continued)

Capital expenditure of £30,572,000 (2019: £27,983,000) is an increase on the previous year as the Group continued to invest in its growth strategy. The main areas of expenditure included development of new products, software and services £12,492,000 (2019: £11,097,000), the new ERP system £2,206,000 (2019: £1,151,000) in addition to investment in equipment installed in service users homes of £12,076,000 (2019: £9,748,000) as part of a Managed Service arrangement.

Funding

The Group has considerable financial resources with a cash balance at 30 September 2020 amounting to £18,582,000 (2019: £20,191,000).

On 3 August 2020 the Group completed the refinancing of its debt with its existing lenders, with a portion being converted to a new five year senior term loan designated in Euros (with a repayment date of 3 August 2025), and the balance exchanged for equity in a newly formed ultimate parent company. Following the transaction, the bank debt reduced to €197,676,000 (the equivalent of £180,000,000 at the date of the transaction) compared to £311,726,000 at 30 September 2019. The new loan bears interest at a margin of 5% above EURIBOR (with a zero floor). In addition a further super senior term loan ("SSTL") facility, also provided by the existing lenders, of €20,000,000 is available for drawdown, expiring on 3 August 2023. The Revolving credit facility in place at the year end 2019 was cancelled on completion of the refinancing. The reduction in bank debt results in a significantly lower annual interest charge, a significantly strengthened Group financial structure and balance sheet, and higher available liquidity.

Following the refinancing the financial covenant consists of a single adjusted EBITDA covenant to be tested quarterly.

Going concern

In considering the appropriate basis on which to prepare the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The Directors have prepared detailed cash flow forecasts that extend to 31 March 2022. The forecasts consider the Directors' views of current and future economic conditions that are expected to prevail over the period.

The forecasts indicate that, taking account of severe but plausible downsides, the Company and Group can meet their liabilities as they fall due and comply with covenants throughout the period to 31 March 2022. The key factors considered in reaching this conclusion are summarised below:

- Following completion of the refinancing on 3 August 2020 as described in Note 25 the Group has access to banking facilities consisting of a drawn term loan of €197.7m repayable on 3 August 2025 and an undrawn term loan of €20,000,000 expiring on 3 August 2023.
- In performing their assessment the Directors have considered the impact of COVID-19 in the forecasts and have adjusted assumptions accordingly.
- In addition, the Directors have considered a severe but plausible downside scenario which models the impact of risks to the base case forecast such as product delays, depressed demand, contract losses and increased margin pressure amongst others. In this downside scenario the directors have not assumed any further government support or cost mitigations.

Consequently, the Directors are confident that the Company and Group 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 the financial statements and therefore have prepared the financial statements on a going concern basis.

Strategic Report for the Year Ended 30 September 2020 (continued)

Key performance indicators

The Directors have monitored the performance of the Group with particular reference to key performance indicators ("KPI's"), which have been chosen by the Directors as those that measure the key elements of the Group's performance towards the achievement of the Group's business strategy. The Group's KPIs are set out below:

	Unit	2020	2019
Revenue	£m	204.50	216.70
Adjusted EBITDA	£m	48.74	49.71
Gross profit margin	%	43.83	44.35
Adjusted EBITDA margin	%	23.84	22.94
Cash generated from operations	£m	51.84	42.84
Cash generated from operations % of adjusted EBITDA	%	106.40	86.18
Net cash outflow	£m	(1.92)	(1.77)

- Revenue for the year of £204,459,000 (2019: £216,690,000), reflecting the impact of COVID-19 despite strong growth in France and Australasia.
- Adjusted EBITDA of £48,737,000 (2019: £49,714,000) reduced as a result of the items highlighted above in the review of the business.
- Adjusted EBITDA margin was 23.84% (2019: 22.94%) is slightly up on the prior year, with the COVID-19 impact being offset by the change in accounting standard to IFRS 16.
- Cash generated from operations as a percentage of adjusted EBITDA increased to 106.4% (2019: 86.2%) due to timing of working capital cash flows, including government assistance programmes for COVID-19.
- Net cash outflow amounted to £1,927,000 (2019: an outflow of £1,774,000).

Reconciliation of non-statutory measures

	2020 £ 000	2019 £ 000
Operating profit as reported	17,829	19,523
Depreciation and amortisation	26,229	21,026
Exceptional items	4,679	9,165
Adjusted EBITDA	48,737	49,714

Strategic Report for the Year Ended 30 September 2020 (continued)

Business strategy
The Group's strategy is to provide data driven, technology-enabled solutions and managed services that help our customers' deliver new models for health and care management in the community setting. The Group delivers these solutions and services across its key regions, which are UK & Ireland, the Nordics, Spain, France and Benelux, DACHME, and Australasia.

The Group specialises in two key sectors, telecare delivery of Social Care & Personal Emergency Alarm services and telehealth delivery of healthcare solutions and services supporting care providers to manage patients with complex long-term conditions. These services and solutions are delivered across both the public and private sector. Due to an aging population with an increasing demand for social care and healthcare, the shortage of healthcare professionals across the world, combined with ever increasing constraints on government finances, the demand for these services and new models of care is growing. Market trends in developed economies are seeing increased joint working and consolidated budgets across social care and healthcare at an operational level, placing Tunstall in an advantageous position to address integrated care and health solutions thanks to its recently announced Tunstall Cognitive Care programme.

The Tunstall Cognitive Care (TCC) programme enables Tunstall to offer a range of solutions and services to address the different needs for social care and healthcare across a target population. It is based on the strong legacy of Tunstall in the Reactive Care segment, today's business model, where the user is active in contacting us and we react, (level 1), to Proactive Care (level 2) , where we are engaged to be proactive with an outbound service (e.g. our Spanish Model), to Predictive Care (level 3) where with the use of machine learning and our systems integration capability, we will be able to predict, thus prevent, an adverse incident. More recently the 4th layer, Tunstall Cognitive Care, where level 3 capability is advanced to a more inclusive layer of data input, for example from activity tracking, nutrition, social inclusion, care plan, health plan, and indeed any data source, which, when integrated and analysed through unique algorithms, will result in messages to the user or other stakeholders, which we call 'Nudge' care messages, suggesting a change in behaviour or an active engagement by health care professional. This stratified approach optimises the opportunity offered by the integration of social and health care and will yield significant benefits to our system users, simultaneously giving to our large government and private customers savings or cost avoidance opportunities. It will also be available to our private pay users or our business-2-business-2-private user partners.

Strategic Report for the Year Ended 30 September 2020 (continued)

At a top level, this is what we do:

Enabling End Users by facilitating the optimum level of care	**Reducing and mitigating adverse events**	
The Group enables end users to enjoy their lifestyle, safe in the knowledge that they are being monitored and that in the event of adverse events there will be a rapid response engaging the appropriate services.	The Group enables the most appropriate level of care to be applied in care management and response. For clients and carers this provides reassurance, whilst for providers and commissioners, this is also normally the most cost efficient.	Care providers/commissioners want to avoid adverse events so that they can reduce acute capacity demands and associated costs.
The Group's solutions enable more independent living, with chronic healthcare conditions (and their management) being less constraining on lifestyles.	By monitoring clients remotely, the Group can free-up the resources of the payor which would otherwise be required in routine and acute situations.	Using Tunstall alarms (physical, biological and ambient) to identify and qualify risks, informed interventions can be made to accelerate intervention to prevent expensive hospitalisation or simply to avoid unnecessary interventions.
The Group's active monitoring for the 'cared for' and their carers provides reassurance and also helps to resolve the financial challenges faced by care/healthcare providers as the Group delivers a high quality service and allows for higher utilisation of the payors resources.	The benefits are wide spread from avoidance of the need for physical clinic attendance, to avoidance of any emergency service response, avoiding or delaying hospital admittance and faster hospital discharge thus improving resource utilisation and improving the Citizens quality of life.	

The Group's strategy is underpinned by the following three key pillars:

- <u>**Integration of devices and systems for optimal solutions**</u>
  - Partnering with customers and leading organisations to integrate eco-systems to further enhance our services and solutions, and the value they provide to customers
- <u>**Facilitation of new data-enabled models of social and health care**</u>
  - Enabling our analytics capabilities so that interventions can be made to both improve immediate quality of life and to avert potentially preventable adverse events
- <u>**Supporting Health and Social Care transformation**</u>
  - Supporting customers drive system efficiencies through the integration of discrete systems and enabling unified intervention management approaches in health and social care

Strategic Report for the Year Ended 30 September 2020 (continued)

Business environment

The Group's core markets are underpinned by strong demographics with the global population of 65+ expected to grow at three times that of the overall population, a 25% increase in chronic diseases in the 65+ age group from 2015 to 2025, and a more than 50% old age dependency ratio in the EU by 2070.

Age is also one of the major contributing factors to long term conditions. Increasing numbers of patients with (chronic) long term conditions is a global phenomenon, which is presenting major challenges for all advanced health systems. Patients with long term conditions typically represent 30% of the population but consume 70% of health resources and many patients have multiple chronic conditions (MCC) and in these instances the demand on healthcare increases at a disproportionate rate. The challenges in delivering healthcare for an ageing population presents cost, capacity and frequently system challenges for most countries.

In addition, Health and Social Care budgets remain under pressure to deliver the required levels of care when faced with ever increasing demand. Care commissioners and providers continue to face significant pressure to deliver more and better care services, for less. This pressure will inevitably lead them to focus on value for money and the quality of service provision which is where the Group excels.

The consumerisation of technology enabled care products could present a threat to international standards and compliance with protocols for hardware in the social and healthcare market. However, the market is moving towards a managed service model with service providers taking on core services previously provided by government funded organisations. IP technology and the Internet of Things is expected to help drive efficiency in this transitioning market. Therefore an ability to be technology and device agnostic and interface and manage a diverse network of digital care devices, while aggregating the resultant data created to provide innovative and predictive services will drive the new model of "Cognitive Care" delivery. This combined with the highly regulated critical alarm communication pathways over an end to end digital infrastructure positions the Group favourably to benefit from this market and technology transition.

To address these market trends the Group successfully launched a new IP-enabled Smart Hub carephone for people living in their own home in addition to a new integrated IP monitoring platform (PNC8), enabling end to end IP care services, optimising workflow through the use of better data analytics. The Group is also investing in a global data services platform that will enable the Group to develop responsive products and services utilising multiple data sources and devices at pace. This will give the Group the ability to respond to emerging market requirements more quickly and deliver consolidated value propositions across the Group's software and services portfolio.

The Group launched a programme to drive significant cost and operational efficiencies designed to save costs or improve profit which in turn provides resources to invest in growth.

The Group is therefore well placed to take advantage of the growth opportunities in its core markets by adapting to the changing needs of its customers and the technological landscape, and continuing to deliver health and care services of higher quality with improved outcomes at best value for our customers.

Principal risks and uncertainties

Foreign exchange risk

The Group operates within a number of international territories with approximately 70% of the Group's revenues in non-sterling currencies. The majority of the Group's products are manufactured in the UK, with raw materials predominantly Sterling, Euro and USD denominated. As a result the Group is exposed to foreign exchange risk, principally against the Euro, USD and Swedish Kroner. The Group's strategy is to mitigate the transactional and translation risk through natural hedges where possible. An element of the USD risk has been managed through the forward purchase of USD. In respect of the Euro exposure this is managed through the Euro denomination of the Group's term loans.

Strategic Report for the Year Ended 30 September 2020 (continued)

Principal risks and uncertainties (continued)

Interest rate risk

The Group has syndicated loans and credit facilities, including a term loan as described in note 24 at a fixed margin above EURIBOR. The risk of interest rate increase has been managed where appropriate through interest rate hedges as described in note 25.

Competition from new entrants

The Group recognises that as its core markets grow this is likely to attract new entrants to the market. To mitigate this risk the Group continues to invest in Innovation and Development to retain its market share and has implemented a new growth strategy focusing on end-to-end managed services that will extract additional value from its market and also provide greater visibility of earnings through contracted revenues. Partnerships and Coalitions with multiple stakeholders and companies with merging technologies are critical and investment in the global data services platform to enable this connectivity in an easy to use manner has been and will continue to be critical to our success.

People

The success of the Group is dependent on the efforts, abilities, experience and expertise of its senior management and on recruiting, retaining, motivating and communicating effectively with its employees at all levels of the organisation. Policies and targets are supported by a governance structure including a Remuneration Committee and employees are engaged through staff surveys and regular communications with senior management.

SECR reporting

The Group is required to report under the Streamlined Energy and Carbon Reporting (SECR) framework under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The SECR reporting year is the same as the Group Financial year 1 October 2019 to 30 September 2020.

In accordance with the guidance the Group is required to report the UK energy usage and associated Greenhouse Gas (GHG) emissions that relate to:

- Activities for which Tunstall Group Holdings is responsible involving the combustion of gas, or consumption of fuel for the purposes of transport; and
- The purchase of electricity by Group for its own use, including the purpose of transport.

Note that emissions outside the UK are outside the scope of the mandatory requirements and are not included in the information below.

The Group is required to report at least one intensity ratio. For these purposes the ratio has been considered as total Scope 1 & 2 emissions per £1m of UK sales (including intercompany revenue).

Strategic Report for the Year Ended 30 September 2020 (continued)

SECR reporting (continued)

	2020	2019	Variance	2020	2019	Variance
Energy and Carbon data	**kWh**	**kWh**	**%**	**tCO2e**	**tCO2e**	**%**
Scope 1 Combustion of fuel and operation of facilities	4,059,554	4,517,855	(10.1%)	973.4	1,100	(11.5%)
Scope 2 Electricity purchased for our own use (location based method)	1,955,127	2,218,052	(11.9%)	455.8	567	(19.6%)
Scope 2 Electricity purchased for our own use (market based method)	1,955,127	2,218,052	(11.9%)	545.9	619	(11.8%)
Total Gross Scope 1 & 2 (LB)	6,014,681	6,735,907	(10.7%)	1,429.2	1,667	(14.3%)
Total Gross Scope 1 & 2 (MB)	6,014,682	6,735,907	(10.7%)	1,519.3	1,719	(11.6%)
Intensity Ratio - Total Gross Scope 1&2 (LB) – unit/£1m turnover	67,963	67,292	1.0%	16.1	16.7	(3.6%)
Intensity Ratio - Total Gross Scope 1&2 (LB) – unit/£1m turnover	67,963	67,292	1.0%	17.2	17.2	0%

The methodology used is calculated in accordance with the Greenhouse Gas (GHG) Protocol and Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance.

The Emission factors applied are based on those provided by DEFRA for 2019/20.

Energy efficiency actions taken within the business year has been ESOS compliance. In addition the UK business has installed improved efficiency lighting.

Brexit

On June 23, 2016, the United Kingdom ("UK") held a referendum in which voters approved for the UK to leave the European Union ("EU") ("Brexit"). The UK officially left the EU on January 31, 2020, entering into a 'transition period' that was set to last until December 31, 2020. At the time of this report, the UK government and the EU have agreed, amongst other things, a Trade and Cooperation Agreement and continue to explain the terms of the UK's future relationship with the EU.

Uncertainty over these terms could cause volatility in global stock markets and further devaluation of Sterling against the foreign currencies (principally the Euro, and Swedish Kroner) in which we conduct business. Furthermore, it is possible that there will be greater restrictions on imports and exports between the ("UK") and ("EU") countries, increased regulatory complexities and impact on the availability of markets and market access rights that could affect the Group. These changes may adversely affect the Group's operations and financial results. The Directors are fully aware of the risks of Brexit and are engaged in planning to deal with those risks as appropriate. Processes are in place to deal with the additional administrative requirements of Brexit post 1 January 2021.

COVID-19

In early 2020, an outbreak of the novel strain of coronavirus ("COVID-19") emerged globally. There have been mandates from governments and local authorities worldwide that have resulted in an overall decline in economic activity across the globe. The Group has reacted swiftly to ensure continuation of its critical health and care management services in the community and new propositions have been developed to enable rapid deployments to ensure the Group can contribute to the solution to this global crisis.

Strategic Report for the Year Ended 30 September 2020 (continued)

COVID-19 (continued)
This has impacted the performance of the Group in 2020 and will continue to do so in 2021 - driven largely by a reduction in deployment activity due to a lack of access to end users and community settings during global lockdown. The Group remains in a strong financial position however and well placed to react to future changes in its markets as a result of the crisis.

S172 Companies Act 2006
In accordance with section 172 of the Companies Act 2006, the Board takes its responsibility to promote the success of the Company and the Group very seriously. The Board understands that the future of the business depends on its relationships and dealings with its stakeholder groups, and as such consider the following in all decision making:

- The long term consequences of any decisions;
- The interests of the Company and Group's employees;
- Building, maintaining and improving relationships with external investors, shareholders, suppliers, customer, end users and other stakeholders;
- Environmental impact of the operations of the Group and the Company; and
- The requirement to treat all stakeholders and members of the Group and company equally.

Where possible, the Directors take into account the views and interest of a wider set of stakeholders when making decisions, however, it is not always possible to make decisions to please all of the stakeholders, and the Board will balance those different perspectives in the formation of their short-term decisions and longer term strategies.

Regular board meetings are held at which a standing agenda of points and papers are presented. In addition the board will undertake strategic reviews throughout the year with presentations from the regional businesses. A thorough annual budget process is undertaken and reviewed by the board, along with more frequent regular reviews of the progress towards those targets.

Both shareholders and lenders receive monthly financial information from the business as well as presentations from management on a regular basis.

Environmental matters are considered in conjunction with the Health Safety and Environmental committee. The Group envisages to have regular engagement with both customers and suppliers. Employee engagement is discussed further in the directors report.

Approved by the Board on 25 January 2021 and signed on its behalf by:

....
Jon Furniss
Company Secretary
Whitley Bridge
Doncaster
DN14 0HR

Directors' Report for the Year Ended 30 September 2020

The Directors present their Report and the financial statements for the year ended 30 September 2020.

Directors of the Group
The Directors, who served throughout the year and up to the date of signing of the financial statements, unless otherwise stated were as follows:

G Sutherland

L Robinson

Dividends
The Directors do not propose the payment of a dividend (2019: £nil).

The distribution to non-controlling interests amounted to £1,283,000 (2019: £nil).

Political contributions
The Group made no political donations and did not incur any political expenditure during the year (2019: £nil).

Employment of disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee involvement
The Group places considerable value on the involvement of its employees and has continued its previous practice of ensuring effective two-way communication on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal meetings and the Group intranet. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

Disclosure of information to the auditor
Each Director has taken steps that they ought to have taken as a Director in order to make himself/herselfthemselves 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.

Other information
An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

SECR reporting
Details of the Company and Group's SECR reporting disclosures have been included in the Strategic Report on page 9 and form part of this report by cross reference.

Re-appointment of auditor
In accordance with section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Directors' Report for the Year Ended 30 September 2020 (continued)

Approved by the Board on 25 January 2021 and signed on its behalf by:

....

Jon Furniss
Company Secretary
Whitley Bridge
Doncaster
DN14 0HR

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

The Directors are responsible for preparing the Annual Report, 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 International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- For the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- 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 related 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 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 TUNSTALL GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of Tunstall Group Holdings Limited ("the company") for the year ended 30 September 2020 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Financial Position, Company Statement of Changes in Equity 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 of the parent company's affairs as at 30 September 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- 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. 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. 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. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

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 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 14, 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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.

David Morritt

David Morritt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

27 January 2021

Consolidated Income Statement for the Year Ended 30 September 2020

	Note	2020 £ 000	2019 £ 000
Revenue	4, 5	204,459	216,690
Cost of sales		(114,836)	(120,578)
Gross profit		89,623	96,112
Administrative expenses		(71,794)	(76,589)
Operating profit	6	17,829	19,523
Analysed as:			
Operating profit before charging depreciation and amortisation and exceptional items ("Adjusted EBITDA")	5, 6	48,737	49,714
Depreciation and amortisation	6	(26,229)	(21,026)
Exceptional items	7	(4,679)	(9,165)
Impairment of non-current assets	16	(17,605)	(1,159)
Gain on extinguishment of debt	8	125,116	-
Finance income	9	6	678
Finance costs	9	(89,971)	(91,452)
Net finance cost	9	(89,965)	(90,774)
Profit/(loss) before tax		35,375	(72,410)
Income tax credit	13	1,902	308
Profit/(loss) from continuing operations		37,277	(72,102)
Discontinued operations			
Profit from discontinued operations		-	1,026
Profit/(loss) for the year		37,277	(71,076)
Profit/(loss) attributable to:			
Owners of the Company		36,998	(71,421)
Non-controlling interests		279	345
		37,277	(71,076)

The notes on pages 27 to 87 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income for the Year Ended 30 September 2020

	Note	2020 £ 000	2019 £ 000
Profit/(loss) for the year		37,277	(71,076)
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations	27	(5,700)	(4,812)
Deferred taxation regarding pension scheme deficit	13	1,545	775
		(4,155)	(4,037)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation (losses)/gains		(1,440)	282
Total comprehensive profit/(loss) for the year		31,682	(74,831)
Total comprehensive profit/(loss) attributable to:			
Owners of the Company		31,406	(75,178)
Non-controlling interests		276	347
		31,682	(74,831)

The notes on pages 27 to 87 form an integral part of these financial statements.

Consolidated Statement of Financial Position as at 30 September 2020

	Note	2020 £ 000	2019 £ 000
Non-current assets			
Property, plant and equipment	14	43,837	30,267
Intangible assets	16	218,010	230,765
Equity accounted investments	18	6	6
Other non-current financial assets	19	1,047	777
Deferred tax assets	13	16,984	10,763
		279,884	272,578
Current assets			
Inventories	20	11,226	10,638
Trade and other receivables	21	36,295	42,233
Income tax asset	13	5,389	5,212
Cash and cash equivalents		18,582	20,191
		71,492	78,274
Total assets		351,376	350,852
Current liabilities			
Trade and other payables	22	(45,887)	(41,339)
Loans and borrowings	24	(5,508)	(608)
Income tax liability	13	(5,319)	(5,841)
Deferred income		(9,429)	(8,813)
Provisions	23	(2,618)	(2,357)
		(68,761)	(58,958)
Net current assets		2,731	19,316
Total assets less current liabilities		282,615	291,894
Non-current liabilities			
Loans and borrowings	24	(187,763)	(782,165)
Derivative financial instruments	26	(287)	-
Retirement benefit obligations	27	(28,787)	(25,472)
Deferred tax liabilities	13	(1,255)	-
		(218,092)	(807,637)
Total liabilities		(286,853)	(866,595)
Net assets/(liabilities)		64,523	(515,743)

The notes on pages 27 to 87 form an integral part of these financial statements.

Consolidated Statement of Financial Position as at 30 September 2020 (continued)

	Note	2020 £ 000	2019 £ 000
Equity			
Share capital	28	1,533	1,533
Share premium		122,628	103,628
Foreign currency translation reserve		11,704	13,141
Accumulated losses		(72,623)	(636,333)
Equity attributable to owners of the Company		63,242	(518,031)
Non-controlling interests		1,281	2,288
Total equity		64,523	(515,743)

Approved by the Board on 25 January 2021 and signed on its behalf by:

....

L Robinson

Director

(Registration number: 05459713)

Consolidated Statement of Changes in Equity for the Year Ended 30 September 2020

	Share capital £ 000	Share premium £ 000	Foreign currency translation £ 000	Accumulated losses £ 000	Total £ 000	Non-controlling interests £ 000	Total equity £ 000
At 1 October 2018	1,533	103,628	12,806	(560,820)	(442,853)	1,941	(440,912)
(Loss)/profit for the year	-	-	-	(71,421)	(71,421)	345	(71,076)
Foreign currency translation gains	-	-	280	-	280	2	282
Realisation of translation reserve on disposal of business	-	-	55	(55)	-	-	-
Remeasurement of post employment benefits	-	-	-	(4,812)	(4,812)	-	(4,812)
Deferred tax regarding pension scheme deficit	-	-	-	775	775	-	775
Total comprehensive income/(loss)	-	-	335	(75,513)	(75,178)	347	(74,831)
At 30 September 2019	**1,533**	**103,628**	**13,141**	**(636,333)**	**(518,031)**	**2,288**	**(515,743)**

The notes on pages 27 to 87 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the Year Ended 30 September 2020 (continued)

	Share capital £ 000	Share premium £ 000	Foreign currency translation £ 000	Accumulated losses £ 000	Total £ 000	Non-controlling interests £ 000	Total equity £ 000
At 1 October 2019	1,533	103,628	13,141	(636,333)	(518,031)	2,288	(515,743)
Profit for the year	-	-	-	36,998	36,998	279	37,277
Foreign currency translation losses	-	-	(1,437)	-	(1,437)	(3)	(1,440)
Remeasurement of post employment benefits	-	-	-	(5,700)	(5,700)	-	(5,700)
Deferred tax regarding pension scheme deficit	-	-	-	1,545	1,545	-	1,545
Total comprehensive income/(loss)	-	-	(1,437)	32,843	31,406	276	31,682
Issued during the year	-	19,000	-	-	19,000	-	19,000
Distribution to non-controlling interest	-	-	-	-	-	(1,283)	(1,283)
Forgiveness of intercompany debt	-	-	-	530,763	530,763	-	530,763
Share based payments	-	-	-	104	104	-	104
At 30 September 2020	**1,533**	**122,628**	**11,704**	**(72,623)**	**63,242**	**1,281**	**64,523**

During the year the previous parent company forgave debts owed of £530,763,000. These are treated as a capital contribution and taken straight to Equity.

Consolidated Statement of Cash Flows for the Year Ended 30 September 2020

	Note	2020 £ 000	2019 £ 000
Cash flows from operating activities			
Profit/(loss) for the year		37,277	(71,076)
Adjustments to cash flows from non-cash items:			
Depreciation and amortisation	14, 16	26,229	21,026
Impairment of non-current assets	16	17,605	1,159
Gain on disposal of assets held for resale	35	-	(1,026)
Exceptional costs related to pension scheme	7	-	1,574
Gain on extinguishment of debt		(125,116)	-
Finance income	9	(6)	(678)
Finance costs	9	89,971	91,452
Add back of share based payment costs	30	104	-
Income tax credit	13	(1,902)	(308)
		44,162	42,123
Working capital adjustments:			
Increase in inventories	20	(588)	(37)
Decrease/(increase) in trade and other receivables	21	5,659	(2,998)
Increase in trade and other payables	22	4,548	5,943
Decrease in retirement benefit obligation	27	(2,821)	(2,683)
Increase in provisions	23	261	432
Increase in deferred income		616	62
Cash generated from operations		51,837	42,842
Income taxes paid	13	(2,218)	(2,175)
Net cash flow from operating activities		49,619	40,667
Cash flows from investing activities			
Acquisition of intangible assets	16	(15,384)	(13,951)
Acquisitions of property plant and equipment	14	(15,188)	(14,032)
Proceeds from sale of property plant and equipment		362	290
Interest received		6	35
Acquisition of subsidiary net of cash acquired		(71)	(906)
Distribution to non-controlling interests		(1,283)	-
Proceeds from disposal of business		-	22,220
Net cash flows from investing activities		(31,558)	(6,344)

Consolidated Statement of Cash Flows for the Year Ended 30 September 2020 (continued)

	Note	2020 £ 000	2019 £ 000
Cash flows from financing activities			
Interest paid		(5,808)	(20,639)
Movement in intercompany balances		(256)	(592)
Repayment of bank borrowing		-	(14,872)
Cash received in respect of derivatives		-	148
Costs paid relating to extinguishment of debt		(9,035)	-
Payments to finance lease creditors		(4,960)	(142)
Net cash flows from financing activities		(20,059)	(36,097)
Net decrease in cash and cash equivalents		(1,998)	(1,774)
Cash and cash equivalents at 1 October		20,191	22,053
Effect of exchange rate fluctuations on cash held		389	(88)
Cash and cash equivalents at 30 September		18,582	20,191

Company Statement of Financial Position as at 30 September 2020

	Note	2020 £ 000	2019 £ 000
Non-current assets			
Investments	18	63,002	-
Amounts owed by subsidiary undertakings	21	82,190	345,486
		145,192	345,486
Current assets			
Trade and other receivables	21	572	1,296
Income tax asset	13	284	549
Cash and cash equivalents		15	24
		871	1,869
Total assets		146,063	347,355
Current liabilities			
Trade and other payables	22	(100)	(2,633)
Net current assets/(liabilities)		771	(764)
Total assets less current liabilities		145,963	344,722
Non-current liabilities			
Loans and borrowings	24	(33,485)	(494,722)
Total liabilities		(33,585)	(497,355)
Net assets/(liabilities)		112,478	(150,000)
Equity			
Share capital	28	1,533	1,533
Share premium		122,628	103,628
Accumulated losses		(11,683)	(255,161)
Total equity		112,478	(150,000)

No income statement is presented for the Company as permitted by section 408 of the Companies Act 2006. The Company made a loss after tax for the financial year of £287,389,000 (2019: loss of £49,093,000).

Approved by the Board on 25 January 2021 and signed on its behalf by:

....

L Robinson

Director

(Registration number: 05459713)

The notes on pages 27 to 87 form an integral part of these financial statements.

Company Statement of Changes in Equity for the Year Ended 30 September 2020

	Share capital £ 000	Share premium £ 000	Accumulated losses £ 000	Total £ 000
At 1 October 2018	1,533	103,628	(206,068)	(100,907)
Loss for the year	-	-	(49,093)	(49,093)
Total comprehensive loss	-	-	(49,093)	(49,093)
At 30 September 2019	**1,533**	**103,628**	**(255,161)**	**(150,000)**

	Share capital £ 000	Share premium £ 000	Accumulated losses £ 000	Total £ 000
At 1 October 2019	1,533	103,628	(255,161)	(150,000)
Issued during the year	-	19,000	-	19,000
Loss for the year	-	-	(287,389)	(287,389)
Total comprehensive loss	-	-	(287,389)	(287,389)
Forgiveness of intercompany debt	-	-	530,763	530,763
Share based payments	-	-	104	104
At 30 September 2020	**1,533**	**122,628**	**(11,683)**	**112,478**

Notes to the Financial Statements for the Year Ended 30 September 2020

1 General information

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

The address of its registered office is:
Whitley Lodge
Whitley Bridge
Doncaster
DN14 0HR
United Kingdom

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. Amounts have been rounded to the nearest thousand pounds (£000) except when otherwise indicated.

2 Accounting policies

Statement of compliance
The Group financial statements have been prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006.

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

Group
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention, modified for the revaluation of certain financial assets and liabilities at fair value.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below in 'Critical accounting estimates and key judgements'.

Standards and interpretations adopted by the Group/Company in the year ended 30 September 2020

- IFRS 16: Leases. (See note 31) This has been adopted using the modified retrospective method and as a result the comparatives have not been restated and are reported under IAS 17.
- IFRIC 23: Uncertainty over Income Tax Treatments.
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement.
- Amendments to IFRS 9: Prepayments Features with Negative Compensation.
- Annual Improvements to IFRS Standards 2015-2017 Cycle.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

2 Accounting policies (continued)

Basis of preparation (continued)

Standards and interpretations adopted by the Group/Company in the year ended 30 September 2020 (continued)

All the above standards and interpretations have been adopted by the group on 1 October 2019. Other than the change under IFRS 16 highlighted in note 31 none of the new standards and interpretations have had a significant impact on the financial performance and position of the Group. Comparative financial information has therefore not been restated.

New standards and interpretations issued but not yet effective and not early adopted

The following adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements:

- IFRS 17 Insurance Contracts (effective date to be confirmed).
- Amendments to References to the Conceptual Framework in IFRS Standards (effective date 1 January 2020).
- Amendments to IFRS 3: Definition of a Business (effective date to be confirmed).
- Amendments to IAS 1 and IAS 8: Definition of Material (effective date 1 January 2020).
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (effective date to be confirmed.

Other new standards and interpretations in the year have not been included in the list above as they are not considered relevant for the Group.

Company

The Parent Company financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2016/17 Cycle) issued in July 2017 have been applied. The financial statements have been prepared under the historical cost convention, modified for the revaluation of certain financial assets and liabilities at fair value.

Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures;

- An Income Statement for the Company;
- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of the compensation of Key Management Personnel;
- Certain disclosures required by IFRS 13 - 'Fair Value Measurement' and the disclosures required by IFRS 7 - 'Financial Instrument Disclosures'; and
- Disclosures of transactions with a management entity that provides Key Management Personnel services to the Company.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

2 Accounting policies (continued)

Going concern
In considering the appropriate basis on which to prepare the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The Strategic Report on pages 1 to 11 outlines the business activities of the Group alongside the factors which may affect its future development and performance. The Group's financial position is discussed in the Business Review section of the Strategic Report along with details of its cash flow and liquidity. The Strategic Report also sets out the Group's financial risks and the management of those risks.

These financial statements have been prepared on a going concern basis. The directors consider this to be appropriate for the following reasons.

The Directors have prepared detailed cash flow forecasts that extend to 31 March 2022. The forecasts consider the Directors' views of current and future economic conditions that are expected to prevail over the period.

The forecasts indicate that, taking account of severe but plausible downsides, the Company and Group can meet their liabilities as they fall due and comply with covenants throughout the period to 31 March 2022. The key factors considered in reaching this conclusion are summarised below:

- Following completion of the refinancing on 3 August 2020 as described in Note 25 the Group has access to banking facilities consisting of a drawn term loan of €197.7 million repayable on 3 August 2025 and an undrawn term loan of €20 million expiring on 3 August 2023.
- In performing their assessment the Directors have considered the impact of COVID-19 in the forecasts and have adjusted assumptions accordingly.
- In addition, the Directors have considered a severe but plausible downside scenario which models the impact of risks to the base case forecast such as product delays, depressed demand, contract losses and increased margin pressure amongst others. In this downside scenario the directors have not assumed any further government support or cost mitigations.

Consequently, the Directors are confident that the Company and Group 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 the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

2 Accounting policies (continued)

Basis of consolidation
The Group's financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 30 September 2020.

No income statement is presented for the Company as permitted by section 408 of the Companies Act 2006. The Company made a loss after tax for the financial year of £287,389,000 (2019 : loss of £49,093,000).

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.

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.

Revenue recognition
Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods or service supplied, stated net of discounts, returns and value added tax. The Group recognises revenue when the performance obligations in the contract have been satisfied. This will be either at point in time, or over the period of the contract depending on the nature of the goods or service provided.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

2 Accounting policies (continued)

Revenue recognition (continued)

Connected Care - Independent Living

Revenue generated from equipment sales of Base Units and peripherals such as sensors and triggers is recognised at the point when the significant risks and rewards of ownership of the goods have passed to the buyer, typically on delivery of the goods to the customer or despatch of goods from the warehouse, as defined in the contract.

Revenue generated from the sale and installation of software and hardware, where the software sale constitutes a right to use the software in its existing state, is recognised in line with the provision of the service, with reference to contract milestones as a proxy for percentage of completion ("POC"). The software and installation are considered one performance obligation and recognised as such. In certain cases rights are granted to the software for use over a fixed period. In such cases the revenues are recognised in a straight line over the period of the contract.

Connected Care - Group Living

Revenue generated from the installation of equipment is recognised using the POC basis over the period from signing of the contract to customer acceptance. POC is measured using records of actual time and cost incurred compared with the estimated time and cost required, or with reference to contract milestones, which reflects the services supplied to that point in time.

Amounts recoverable on contracts are included in trade receivables and represent revenue recognised in excess of payments on account. Payments received on account in excess of work done and work in progress are included within trade payables.

Revenue generated from the provision of equipment repairs and maintenance services is recognised on a straight line basis over the life of the contract in the case of a maintenance agreement, or, where such services are charged for on a time and material basis in accordance with the contract, on provision of the service.

Connected Care - Managed Services Contracts

The sale of products and services can be combined under one contractual arrangement. These arrangements are either capital contracts, where the equipment is sold to the customer, or revenue contracts where the customer can avoid up-front capital payments for the units by effectively renting the equipment.

Under capital contracts the risks and rewards of the equipment are transferred when the equipment is sold to the customer and the revenue is recognised at this point. Revenue for services provided is recognised as the services are being performed throughout the contract period.

Under revenue contracts actual revenue achieved is contingent on a range of factors outside of the control of both the customer and the Group including churn and growth of the user base. As a result it is not possible to measure the amount of revenue for each element reliably and instead the contract is considered as a whole with revenue recognised on a straight line basis as the services are delivered to the users reflecting the fact that the delivery of the service is considered one performance obligation.

Connected Health - Remote Patient Monitoring and Support

Remote Patient Monitoring ("RPM") comprises revenue generated from the sale of equipment and is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer, typically on delivery of the goods to the customer or despatch of goods from the warehouse. Revenue also includes that generated from the sale of products and services contained under one contractual arrangement or Managed Services Contract. These are recognised as the service is provided.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

2 Accounting policies (continued)

Revenue recognition (continued)

Integrated Nursecall Communications
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, either on delivery of the goods or despatch of goods from the warehouse.

Financial instruments
(i) Recognition and initial measurement
Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value to Profit and Loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement
Financial assets

(a) Classification
On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value to Other Comprehensive Income ("FVOCI") - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

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

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

2 Accounting policies (continued)

Financial instruments (continued)
(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

(a) Classification (continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(b) Subsequent measurement and gains and losses
Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the Income Statement.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the Income Statement. Any gain or loss on derecognition is recognised in the Income Statement.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the Income Statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the Income Statement.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in the Income Statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to the Income Statement.

Financial liabilities and equity
Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

2 Accounting policies (continued)

Financial instruments (continued)
(ii) Classification and subsequent measurement (continued)

Financial liabilities and equity (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the Income Statement. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Income Statement. Any gain or loss on derecognition is also recognised in the Income Statement.

(iii) Derivative financial instruments and hedging

Derivative financial instruments
The Group uses derivative financial instruments mainly to reduce exposure to interest rate movements and exchange rates. Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Income Statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below). In the current year no items qualified for hedge accounting.

Cash flow hedges
Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the Income Statement.

When the forecast transaction subsequently results in the recognition of a non-financial item (including a non-financial item that becomes a firm commitment for which fair value hedge accounting is applied - see below), the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

For all other hedged forecast transactions, the associated cumulative gain or loss is removed from equity and recognised in the Income Statement in the same period or periods during which the hedged expected future cash flows affects Income Statement.

When the hedging instrument is sold, expires, is terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Fair value hedges
Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the Income Statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the Income Statement (even if those gains would normally be recognised directly in reserves).

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

2 Accounting policies (continued)

Financial instruments (continued)

(iv) Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Finance income and costs policy

Finance costs and income arising on interest-bearing financial instruments carried at amortised cost are recognised in the consolidated Income Statement using the effective interest rate method. Finance costs include the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price.

Finance costs and income also include foreign currency gains or losses on foreign currency financial assets and liabilities.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in British Pound Sterling, the functional and presentation currency of the Group.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement in the line which most appropriately reflects the nature of the item or transaction.

On consolidation, assets and liabilities of foreign undertakings are translated into sterling at year end exchange rates. The results of foreign undertakings are translated into sterling at average rates of exchange for the year. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity, the translation reserve.

Taxation

Current and deferred tax are recognised in the Income Statement as an income tax expense or receipt, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised in equity.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. 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 tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the Group's assets and liabilities and their tax base.

Deferred tax liabilities are offset against deferred tax assets within the same taxable entity or qualifying local tax group. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the Statement of Financial Position date.

Inventories

Inventory mainly comprises items of equipment, held for sale or rental, and consumable items.

Equipment held and consumable items are stated at the lower of cost and estimated net realisable value, after provisions for obsolescence. Cost comprises direct material and, where applicable, direct labour costs and those overheads that have been incurred in bringing inventories to their present location and condition on a first in first out basis.

Deferred income

Where payments are required up front this is recognised as deferred income until the point the goods or services have been provided.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

2 Accounting policies (continued)

Provisions

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

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

Leases (policy applicable before 1 October 2019)

Leases of property, plant and equipment where the Group holds substantially all the risks and rewards of ownership are classified as finance leases.

Finance lease assets are capitalised at the commencement of the lease at the lower of the present value of the minimum lease payments or the fair value of the leased asset. The obligations relating to finance leases, net of finance charges in respect of future periods, are recognised as liabilities. Leases are subsequently measured at amortised cost using the effective interest method.

Leases where a significant portion of the risks and rewards are held by the lessor are classified as operating leases. Rentals are charged to the Income Statement on a straight line basis over the period of the lease.

Leases (policy applicable from 1 October 2019)

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

2 Accounting policies (continued)

Leases (policy applicable from 1 October 2019) (continued)
Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the Statement of Financial Position.

Intangible assets
Intangible assets acquired separately are capitalised at cost and those acquired as part of a business combination are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. The costs related to internally generated intangible assets, principally development costs, are capitalised as an intangible asset only when the future economic benefits expected to arise are deemed probable and the costs can be reliably measured. Other expenditure is charged against profit in the year in which the expenditure is incurred.

A summary of the policies applied to the Group's intangible assets is as follows:

Development costs
Expenditure on development activities is capitalised if the product or process is technically and commercially feasible, the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development.

Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the Income Statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

2 Accounting policies (continued)

Intangible assets (continued)

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets for internally developed software. Direct costs include specific employee costs for software development.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

Other intangible assets

Other intangible assets, including customer relationships and customer lists are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Asset class	*Amortisation method and rate*
Development costs	straight line 4 years
Customer related intangible assets	straight line 3-10 years
Computer software	straight line 4-7 years

Property, plant and equipment

Property, plant and equipment is stated at cost net of accumulated depreciation and impairment. Such cost includes expenditure directly attributable to the acquisition and installation of the items.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, with the exception of freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Asset class	*Depreciation method and rate*
Freehold property	straight line 2%
Furniture, fittings and equipment	straight line 10% - 33%

Depreciation methods, useful economic lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

2 Accounting policies (continued)

Government grants
Capital based government grants are included within accruals and deferred income in the Statement of Financial Position and credited to the Income Statement over the estimated useful economic lives of the assets to which they relate. Where a grant is awarded as a contribution towards costs expensed, the grant receivable in the period is matched against costs incurred and credited to the Income Statement in the period.

Impairment of non-financial assets
Intangible assets with finite useful lives and property, plant and equipment are tested for impairment if events or changes in circumstances (assessed at each reporting date) indicate that the carrying amount may not be recoverable. When an impairment test is conducted, the recoverable amount is assessed by reference to the higher of the net present value of expected future cash flows (value in use) of the relevant cash generating unit and the fair value less cost to sell.

Goodwill and other intangible fixed assets with an indefinite useful life are tested for impairment at least annually. If a cash generating unit is impaired, provision is made to reduce the carrying amount of the related assets to their estimated recoverable amount. Impairment losses are allocated firstly against goodwill, and secondly on a pro rata basis against intangible and other assets.

Where an impairment loss is recognised against an asset it may be reversed in future periods where there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised, except in respect of impairment of goodwill which may not be reversed in any circumstances.

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

Defined benefit pension obligation
Certain companies within the Group participate in the Tunstall Group Limited Pension Scheme, which is a funded pension scheme for UK employees providing benefits based on final pensionable pay. The Scheme is closed to future accrual. The assets of the scheme are held separately from those of the Group.

Retirement benefit scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations are obtained every three years and are updated each the Statement of Financial Position date.

For the defined benefit scheme, Management makes annual estimates and assumptions in respect of discount rates, future changes in salaries, employee turnover, inflation rates and life expectancy. In making these estimates and assumptions Management considers the advice provided by external advisors such as actuaries. Where actual experience differs to these estimates, remeasurements are recognised in Other Comprehensive Income in the period in which they arise.

The retirement benefit cost relating to the defined benefit section of this fund is assessed in accordance with the advice independent qualified actuaries using the projected unit credit method. Any past service cost is recognised immediately.

Interest income or expense relating to the pension scheme is included within financing costs or income within the Income Statement.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

2 Accounting policies (continued)

Defined contribution pension obligation
The Group operates a number of defined contribution pension schemes and the Income Statement is charged with the contributions payable.

Share based payments
The Group issues equity-settled share-based payments ("share options"). Equity-settled share options are measured at fair value at the date of grant based on the Group's estimate of the number of shares expected to vest. Fair value is determined using the Monte Carlo option pricing model.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is expensed on a straight line basis in the Income Statement, with the corresponding increase in equity, over the vesting period of the awards. At the end of each reporting period, the amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met. The impact of the revision of the original estimates, if any, is recognised in the Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires the exercise of judgement in applying accounting policies. Management continually evaluate estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity are described below.

Goodwill and Investments
Determining whether goodwill and investments are impaired requires an estimation of the value in use allocated to the cash-generating units. The value in use calculation requires Management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Revenue recognition
The measurement of revenue generated from the installation of software and equipment sold by the Group is based on the percentage of completion method ("POC"). The POC method requires the exercise of judgement when estimating the time and cost required to achieve customer acceptance.

Retirement benefit obligations
The calculation of retirement benefit obligations is dependent on material key assumptions including discount rates, mortality rates and inflation rates. The Group uses estimates for all these factors in determining the pension costs and liabilities incorporated in the consolidated financial statements and the assumptions used reflect historical experience and judgement regarding future expectations.

Estimate of useful economic lives of Property, Plant and Equipment and Intangible assets
The charge in respect of amortisation and depreciation is derived after determining an estimate of an assets useful economic life and is determined by Management at the time the asset is acquired and reviewed annually for reasonableness. The lives are based on historical experience as well as anticipated future events which may impact their life such as changes in technology.

Provisions
The Group has recognised provisions for the impairment of inventories and trade receivables which require Management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

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

Deferred tax

Deferred tax assets and liabilities require judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income.

Current tax

The actual tax paid is determined according to complex tax laws and regulations. Where the effect of these laws and regulations is unclear estimates are used to determine the liability for the tax to be paid on past profits recognised in the financial statements. The final determination of prior year tax liabilities could be different from the estimates reflected in the financial statements.

4 Revenue

The Group's revenue is generated as follows:

	2020 £ 000	2019 £ 000
Connected Care - Independent Living	54,677	59,785
Connected Care - Group Living	53,112	61,109
Connected Care - Managed Services Contracts	85,715	82,808
Connected Health - Remote Patient Monitoring and Support	1,648	2,791
Integrated Nursecall Communications	9,307	10,197
	204,459	216,690

5 Segmental analysis

The Group is managed on the basis of seven broad geographical Regions and Corporate (Central Group Function), which are its reportable segments. The Group's Chief Executive and the Board of Directors review the internal management reports of each Region on a monthly basis, with focus on revenue, profit before interest, tax, depreciation and amortisation and exceptional items ("EBITDA") and net assets.

The Group's reportable segments are its Regions as follows:

- UK & Ireland
- Spain
- France
- Nordics (Sweden, Finland, Denmark and Norway)
- DACHME (Germany, Austria, Switzerland and Middle East)
- Benelux
- Australasia (Australia and New Zealand); and
- Corporate (Central Group Functions)

The Group Regions' principal activities are the provision of data driven, technology enabled solutions and services to enable their customers to deliver more efficient and effective solutions for health and care management in the community setting.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

5 Segmental analysis (continued)

Segment revenues and performance for the year ended 30 September 2020

Analysis by reportable segment:

	Revenue £ 000	Adjusted EBITDA £ 000	Net assets/ (liabilities) £ 000
UK & Ireland	76,457	18,505	40,106
Spain	41,386	12,364	18,273
France	16,100	5,479	8,208
Nordics	49,932	13,740	4,250
DACHME	20,212	6,605	4,404
Benelux	4,727	1,775	762
Canada	476	40	561
Australasia	11,367	1,657	2,629
Corporate	-	(11,428)	(15,796)
Total for reportable segments	220,657	48,737	63,397

Segment revenues and performance for the year ended 30 September 2019

Analysis by reportable segment:

	Revenue £ 000	Adjusted EBITDA £ 000	Net assets/ (liabilities) £ 000
UK & Ireland	86,164	19,580	32,828
Spain	44,248	12,671	16,353
France	14,724	4,732	5,320
Nordics	51,052	12,848	6,499
DACHME	21,542	7,313	4,696
Benelux	5,561	2,031	1,075
Canada	581	101	255
Australasia	11,127	1,707	2,164
Corporate	-	(11,269)	(15,251)
Total for reportable segments	234,999	49,714	53,939

Reconciliations of information on reportable segments to IFRS measures

Reconciliation of Revenue from reportable segments to total Consolidated Revenue

	2020 £ 000	2019 £ 000
Total revenue for reportable segments	220,657	234,999
Elimination of inter-segment revenue	(16,198)	(18,309)
Total Consolidated Revenue	204,459	216,690

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

5 Segmental analysis (continued)

Analysis of revenue by country of origin:

	2020 £ 000	2019 £ 000
United Kingdom	60,909	68,186
Spain	41,386	44,248
Sweden	27,536	29,640
Germany	19,490	21,390
North America	476	581
Other European countries	43,655	42,427
Rest of the world	11,007	10,218
	204,459	216,690

Analysis of revenue by country of destination:

	2020 £ 000	2019 £ 000
United Kingdom	60,845	69,048
Spain	41,083	44,210
Sweden	26,809	27,974
Germany	18,909	20,085
North America	542	1,003
Other European countries	44,951	44,197
Rest of the world	11,320	10,173
	204,459	216,690

Reconciliation of adjusted EBITDA of reportable segments to total Consolidated profit/(loss) before tax

	2020 £ 000	2019 £ 000
Total adjusted EBITDA for reportable segments	48,737	49,714
Impairment of non-current assets	(17,605)	(1,159)
Depreciation and amortisation	(26,229)	(21,026)
Exceptional items (note 7)	(4,679)	(9,165)
Net finance costs	(89,965)	(90,774)
Gain on cancellation of debt	125,116	-
Total consolidated profit/(loss) before tax	35,375	(72,410)

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

5 Segmental analysis (continued)

Reconciliation of net assets of reportable segments to Consolidated net assets/(liabilities)

	2020 £ 000	2019 £ 000
Total net assets for reportable segments	63,397	53,939
Goodwill and investments	176,102	192,891
Cash and cash equivalents	18,582	20,191
Intercompany receivables	-	9
Loans and borrowings	(193,271)	(782,773)
Derivative financial instruments	(287)	-
Total consolidated net assets/(liabilities)	64,523	(515,743)

6 Operating profit

Arrived at after charging:

	2020 £ 000	2019 £ 000
Depreciation - owned assets	11,346	11,187
Depreciation - leased assets	4,261	298
Amortisation expense	10,622	9,541
Research and development cost	3,770	3,791
Management fees recharges	(321)	(557)
Government grants	(661)	-
Exceptional items (note 7)	4,679	9,165

7 Exceptional items

	2020 £ 000	2019 £ 000
Exceptional items	4,679	9,165

The Group incurred a net exceptional charge of £4,679,000 in the year ended 30 September 2020 (2019: £9,165,000).

Whilst it is not possible to accurately quantify the total impact of COVID-19 on the performance of the Group, incremental cash costs in relation to additional personnel costs and protective equipment of £2,026,000 were incurred in the year. Management consider these to be exceptional in nature and have therefore presented them as such in the financial statements. Other exceptional costs are associated with the Group's initiative to drive significant cost and operational efficiencies to support the implementation of the Group's growth strategy of £2,563,000 (2019: £2,160,000), costs associated with the potential sale of the Group of £nil (2019: £4,826,000) and costs related to the GMP Equalisation of pensions of £nil (2019: £1,574,000).

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

8 Gain on extinguishment of debt

On 3 August 2020 the Group was involved in a debt for equity swap. As a result of this transaction, the existing term loans and related outstanding interest were exchanged for new debt of €196,676,000 and equity. Management consider this to be a significant modification and as such the gain on modification of this debt of £125,116,000 has been recognised in the Income Statement. This figure is net of the costs incurred in the modification of this debt of £9,035,000 which are also expensed and represents the difference between the value of debt settled and the fair value of remaining debt and new equity issued.

9 Finance income and costs

	2020 £ 000	2019 £ 000
Finance income		
Interest income on bank deposits	6	35
Foreign exchange gains on borrowings	-	390
Gain on financial instruments	-	253
Total finance income	6	678
Finance costs		
Interest on bank overdrafts and borrowings	(23,072)	(26,124)
Foreign exchange losses on borrowings	(3,595)	-
Amortisation of debt issue costs	-	(7)
Interest payable to Group undertakings	(62,319)	(64,702)
Finance expense in respect of pensions	(436)	(595)
Loss on financial instruments	(70)	-
Interest on obligations under finance leases and hire purchase contracts	(479)	(24)
Total finance costs	(89,971)	(91,452)
Net finance costs	(89,965)	(90,774)

10 Staff costs

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

	2020 £ 000	2019 £ 000
Wages and salaries	61,465	63,444
Social security costs	10,922	10,791
Pension costs	3,304	3,333
	75,691	77,568

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

10 Staff costs (continued)

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

	2020 No.	2019 No.
Sales, production and administration	2,474	2,426
Research and development	110	138
	2,584	2,564

11 Directors' remuneration

The Directors received the following emoluments for their services to the Company and its subsidiaries:

	2020 £ 000	2019 £ 000
Directors' emoluments	1,171	952
Pension contributions in relation to money purchase schemes	18	12
	1,189	964

In respect of the highest paid Director:

	2020 £ 000	2019 £ 000
Emoluments	798	620

No Director (2019: none) accrued benefits under the Group's defined benefit pension scheme in respect of qualifying services during the year. One Director (2019: one) accrued benefits under defined contribution schemes.

12 Auditor's remuneration

	2020 £ 000	2019 £ 000
Audit of Group and subsidiary financial statements	557	452
Non-Audit Services	133	79
	690	531

Auditor's remuneration for the Company amounted to £35,000 (2019: £27,000) all of which related to audit services.

Non-audit services relate to tax compliance services of £68,000 (2019: £33,000) and £65,000 (2019: £46,000) in relation to payroll and pension services.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

13 Income tax

Tax credited in the Income Statement

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	-	56
UK corporation tax adjustment to prior periods	(55)	-
	(55)	56
Foreign tax	1,808	2,296
Foreign tax adjustment to prior periods	(281)	44
	1,527	2,340
Total current income tax	1,472	2,396
Deferred taxation		
Arising from origination and reversal of temporary differences	(1,170)	(557)
Arising from changes in tax rates and laws	(847)	-
Deferred tax adjustment to prior periods	(69)	(133)
Recognition of previously unrecognised tax losses	(1,288)	(2,014)
Total deferred taxation	(3,374)	(2,704)
Tax credit in the Income Statement	(1,902)	(308)

Factors affecting the tax charge for the period
The tax on loss before tax for the year is based on a UK statutory rate of corporation tax for the period of 19% (2019: 19%).

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

13 Income tax (continued)

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Loss for the year from continuing operations	37,277	(72,102)
Income tax credit	(1,902)	(308)
Profit/(loss) before tax	35,375	(72,410)
Corporation tax at standard rate	6,721	(13,758)
Corporation tax adjustment to prior periods	(336)	44
Impairment not deductible for tax purposes	3,220	165
Other timing differences	(59)	(57)
Expenses not deductible in determining tax loss	530	307
Impact of deferred tax rate change	(847)	-
Change in overseas tax losses carried forward	(460)	182
Effect of foreign tax rates	129	311
Change in unrecognised UK tax losses carried forward	(706)	(616)
Interest not deductible for tax purposes	14,507	14,001
Deferred tax adjustment to prior periods	(69)	(133)
Deferred tax - origination and reversal of timing differences	(10)	167
Gain on substantial modification and extinguishment of debt	(23,778)	-
Effect of adjustment in research development tax credit	65	69
Tax expense from Patent Box	(809)	(990)
Total tax credit	(1,902)	(308)

Factors affecting future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at 19% and not reduce to 17% from 1 April 2020. This has now been substantively enacted and as such the deferred tax at the balance sheet date was measured at the rate of 19% (2019: 17%)

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

13 Income tax (continued)

Income tax asset/(liabilities)

Group

	2020 £ 000	2019 £ 000
Current tax assets	5,389	5,212
Current tax liabilities	(5,319)	(5,841)
	70	(629)

Company

	2020 £ 000	2019 £ 000
Current tax assets	284	549
Current tax liabilities	-	-
	284	549

Deferred tax

Group

The Group has deferred tax assets and liabilities recognised at 19% (2019: 17%). The Group's net deferred tax asset is summarised as follows:

	2020 £ 000	2019 £ 000
Deferred tax assets	16,984	10,763
Deferred tax liabilities	(1,255)	-
	15,729	10,763

Deferred tax movement during the year:

	At 1 October 2019 £ 000	Recognised in Income Statement £ 000	Foreign exchange movements £ 000	Recognised in equity £ 000	Acquired with subsidiaries £ 000	At 30 September 2020 £ 000
Accelerated tax depreciation	4,794	592	19	-	-	5,405
Revaluation of intangible assets	(916)	435	2	-	-	(479)
Other items	3,888	289	14	1,545	-	5,736
Tax losses carry-forwards	2,997	2,058	12	-		5,067
Net tax assets	10,763	3,374	47	1,545	-	15,729

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

13 Income tax (continued)

Deferred tax movement during the prior year:

	At 1 October 2018	Recognised in Income Statement	Foreign exchange movements	Recognised in equity	Acquired with subsidiaries	At 30 September 2019
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Accelerated tax depreciation	4,418	399	(23)	-	-	4,794
Revaluation of intangible assets	(1,094)	435	(3)	-	(254)	(916)
Other items	3,258	(144)	(1)	775	-	3,888
Tax losses carry-forwards	987	2,014	(4)	-	-	2,997
Net tax assets/(liabilities)	7,569	2,704	(31)	775	(254)	10,763

The utilisation of deferred tax assets relies on a number of factors including the future profitability of the UK and overseas companies. Where the recoverability of these amounts within the foreseeable future is uncertain the deferred tax asset shown above has not been recognised in these financial statements. Where current forecasts indicate that recoverability of these amounts will occur within the foreseeable future, the deferred tax asset has been recognised.

There are £nil deductible temporary differences (2019: £nil) and £12,100,000 of unused tax losses (2019: £13,135,000) 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 2020 (continued)

14 Property, plant and equipment

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost or valuation			
At 1 October 2018	6,019	53,040	59,059
Additions	452	13,580	14,032
Acquired through business combinations	59	12	71
Disposals	-	(1,549)	(1,549)
Foreign exchange movements	(6)	(914)	(920)
At 30 September 2019	6,524	64,169	70,693
Recognition of right-of-use assets on initial application of IFRS 16	6,035	3,218	9,253
Additions	1,996	17,569	19,565
Disposals	(230)	(3,333)	(3,563)
Reclassification to intangible assets	-	(242)	(242)
Foreign exchange movements	277	2,666	2,943
At 30 September 2020	14,602	84,047	98,649
Depreciation			
At 1 October 2018	2,668	28,058	30,726
Charge for year	320	11,165	11,485
Eliminated on disposal	-	(1,259)	(1,259)
Foreign exchange movements	(6)	(520)	(526)
At 30 September 2019	2,982	37,444	40,426
Charge for the year	2,391	13,216	15,607
Eliminated on disposal	(230)	(3,004)	(3,234)
Foreign exchange movements	106	1,907	2,013
At 30 September 2020	5,249	49,563	54,812
Carrying amount			
At 30 September 2020	9,353	34,484	43,837
At 30 September 2019	3,542	26,725	30,267
At 1 October 2018	3,351	24,982	28,333

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

14 Property, plant and equipment (continued)

Assets held under finance leases and hire purchase contracts

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2020 £ 000	2019 £ 000
Furniture, fittings and equipment	-	1,186

At 30 September 2020 property, plant and equipment includes right-of use assets as follows:

	Land and buildings £ 000	Furniture, fittings, plant and equipment £ 000	Total £ 000
Right-of-use asset			
At 30 September 2020	6,062	4,404	10,466

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

15 Right-of-use assets

Right-of-use assets related to leases properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 14).

Group

	Land and buildings £ 000	Furniture, fittings, plant and equipment £ 000	Total £ 000
Cost			
Assets under finance lease at 30 September 2019	-	1,580	1,580
Recognition of right-of-use assets on initial application of IFRS 16	6,035	3,218	9,253
At 1 October 2019	6,035	4,798	10,833
Additions	1,926	2,451	4,377
Disposals	(230)	(745)	(975)
Foreign exchange movements	239	167	406
At 30 September 2020	7,970	6,671	14,641
Depreciation			
Assets under finance lease at 30 September 2019	-	394	394
At 1 October 2019	-	394	394
Charge for year	2,065	2,196	4,261
Disposals	(230)	(383)	(613)
Exchange movements	73	60	133
At 30 September 2020	1,908	2,267	4,175
Carrying amount			
At 30 September 2020	6,062	4,404	10,466

The following amounts have been recognised in the profit or loss for which the company is a lessee.

Leases liabilities

	2020 £ 000
Interest expense on lease liabilities	479

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

16 Intangible assets

Group

	Goodwill £ 000	Contractual customer relationships £ 000	Computer software £ 000	Research and development £ 000	Total £ 000
Cost or valuation					
At 1 October 2018	195,756	1,429	9,675	65,314	272,174
Additions	-	44	2,810	11,097	13,951
Acquired through business combinations	-	907	3	-	910
Disposals	-	-	(7)	-	(7)
Foreign exchange movements	(3)	24	171	(302)	(110)
At 30 September 2019	195,753	2,404	12,652	76,109	286,918
Additions	-	-	2,892	12,492	15,384
Disposals	-	(171)	(153)	(185)	(509)
Transfer from tangible assets	-	-	-	242	242
Foreign exchange movements	-	26	(92)	401	335
At 30 September 2020	195,753	2,259	15,299	89,059	302,370
Amortisation					
At 1 October 2018	2,324	708	3,782	38,852	45,666
Amortisation charge	-	546	1,185	7,810	9,541
Impairment	544	341	-	274	1,159
Foreign exchange movements	-	(1)	-	(212)	(213)
At 30 September 2019	2,868	1,594	4,967	46,724	56,153
Amortisation charge	-	390	1,355	8,877	10,622
Disposals	-	(171)	(153)	(152)	(476)
Impairment	16,789	-	-	816	17,605
Foreign exchange movements	-	9	33	414	456
At 30 September 2020	19,657	1,822	6,202	56,679	84,360
Carrying amount					
At 30 September 2020	176,096	437	9,097	32,380	218,010
At 30 September 2019	192,885	810	7,685	29,385	230,765
At 1 October 2018	193,432	721	5,893	26,462	226,508

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

16 Intangible assets (continued)

Amortisation of intangible assets is recognised in the following line items in the Income Statement

	2020 £ 000	2019 £ 000
Cost of sales	520	548
Administrative expenses	10,102	8,993
	10,622	9,541

Impairment review - Goodwill

The Group reviews Goodwill on an annual basis as required by IAS36 - 'Impairment of assets'. The recoverable amount of each cash generating unit ("CGU") was based on its value in use, with the key assumptions set out below. The values assigned to the key assumptions represent Management's assessment of future trends in the relevant business propositions.

- The value in use calculations were based on financial plans approved by the Board covering a 3 year period to 30 September 2023.
- The cash flow projections included the specific estimates for 3 years and then a terminal growth rate for each CGU thereafter. The terminal growth rate for each CGU was determined based on Management's estimate of the long-term compound annual growth rate (average of the last 30 years GDP for each Region).
- The decision has been made to close the business in Canada and as such the goodwill in that business is now considered to be fully impaired.
- In line with the change in Group segmental reporting, the Group has split the Central Europe region into DACHME and Benelux.
- The discount rate used was the Group's Weighted Average Cost of Capital ("WACC") of 12.53% (2019: 13.31%).

The terminal growth rate for each Region was as follows:

	2020 %	2019 %
UK & Ireland	1.97%	2.14%
Nordics	1.97%	1.94%
DACHME	1.64%	1.90%
Spain	2.12%	2.24%
France	1.62%	1.71%
Benelux	2.03%	N/A
Australasia	3.03%	3.04%
Canada	N/A	2.33%

As a result of the above, a goodwill impairment of £16,789,000 was recognised in the Income Statement for the year ended 30 September 2020 (2019: £544,000).

This reflects management taking a more conservative view of future forecasts in line with experiences in the year as well as a more detailed allocation of central costs and assets across the different businesses.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

16 Intangible assets (continued)

The carrying value of goodwill, and the amount by which estimated recoverable amount exceeds the carrying value of the CGU are disclosed below:

	2020 Goodwill carrying value £000	2020 Excess of recoverable amount of carrying value £000	2019 Goodwill carrying value £000	2019 Excess of recoverable amount of carrying value £000
UK & Ireland	81,093	29,073	81,093	74,797
Nordics	29,185	5,932	29,185	12,069
DACHME	24,605	2,760	32,977	21,362
Benelux	7,456	N/A	-	-
Spain	23,112	N/A	31,944	9,560
France	3,801	N/A	7,796	1,560
Australasia	6,844	N/A	9,690	938
Canada	-	-	200	225
Total	176,096	37,765	192,885	120,511

Management has identified the following changes to the key assumptions that would cause the carrying amount to exceed the recoverable amount for each of the regions:

	WACC required	Decline in EBITDA %
UK	15.39%	15.5%
Nordics	13.78%	4.8%
DACHME	13.11%	4.2%
Benelux	N/A	N/A
Spain	N/A	N/A
France	N/A	N/A
Canada	N/A	N/A

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

16 Intangible assets (continued)

A change in the discount rate would have the following impact on the reported headroom and impairment.

	Increase of 1%		Decrease of 1%	
	Revised Excess of recoverable amount of carrying value	**Increase/ (decrease) in impairment reported**	**Excess of recoverable amount of carrying value**	**Increase/ (decrease) in impairment reported**
	£ 000	**£ 000**	**£ 000**	**£ 000**
UK & Ireland	16,492	N/A	41,920	N/A
Nordics	1,065	N/A	11,451	N/A
DACHME	N/A	2,539	6,840	N/A
Benelux	N/A	688	366	(915)
Spain	N/A	3,765	N/A	(4,581)
France	N/A	1,168	N/A	(1,410)
Australasia	N/A	888	N/A	(1,102)
Canada	N/A	N/A	N/A	N/A
Total	17,557	9,048	60,577	(8,008)

Impairment review - Research and Development

The Directors have reviewed the carrying value of Research and Development at the reporting date. The recoverable amount of each project was based on its value in use with the calculations based on the financial plans approved by the Board covering a 3 year period to 2023. The discount rate was the same as that used for the other impairment reviews of 12.53% (2019: 13.31%). The Directors have deemed that for certain projects, future discounted cash flows do not support the carrying value of the asset. As such, an impairment of £816,000 was recognised for the year ended 30 September 2020 (2019: £274,000).

17 Acquisitions

La Tourangelle

During the previous year the company acquired La Tourangelle in France through its subsiariary Vitaris SAS. For cash consideration of €550,000 (£487,000) and estimated contingent consideration of €280,000 (£259,000), the majority of which was paid in 2020. The company was subsqequently merged into Vitaris SAS.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

17 Acquisitions (continued)

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

	2019 £ 000
Fair value of assets and liabilities acquired	
Customer relationships	907
Intangible assets - Software	3
Property, plant and equipment	71
Trade and other receivables	19
Deferred tax liability	(254)
Net assets	746
Satisfied by:	
Contingent consideration arrangement	259
Cash	487
Total consideration	746

18 Investments

Group Investments

	2020 £ 000	2019 £ 000
At beginning and end of the year	6	6

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

18 Investments (continued)

Summary of the Company investments

Subsidiaries	**£ 000**
Cost or valuation	
At 1 October 2019	79,607
Additions	19,000
At 30 September 2020	98,607
Provision	
At 1 October 2019	79,607
Reversal of impairment	(44,002)
At 30 September 2020	35,605
Carrying amount	
At 30 September 2020	63,002
At 30 September 2019	-

During the year the company made a capital contribution to its subsidiary as part of the group restructuring of debt.

During the year, the Directors have reviewed the carrying value of subsidiary investments. As a result of this review a reversal of impairment of £44,002,000 (2019: impairment of £308,000) has been made. This reflects the impact of the Group restructuring including the forgiveness of debt owed by subsidiaries.

All shares held are Ordinary Shares unless otherwise stated.

Name of subsidiary	**Principal activity**	**Country of Incorporation**	**% Shareholding**
Tunstall Australasia Pty Limited	Sale and monitoring of community alarms and telehealth equipment	Australia	100%
Tunstall SA	Marketing, installation and service of community alarms	Belgium	100%
Tunstall Canada Inc.	Sale and monitoring of community alarms and telehealth equipment	Canada	100%
Tunstall AS	Marketing, installation and service of community alarms	Denmark	100%
Tunstall Health AS	Telecare health provider	Denmark	100%
Tunstall Group Finance Limited*	Intermediate holding company	England	100%
Blythmore Limited	Intermediate holding company	England	100%
Tunstall Electronics Limited	Non-trading entity	England	100%
Tunstall Group Acquisition Limited	Intermediate holding company	England	100%
Tunstall Group Limited	Intermediate holding company	England	100%

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

18 Investments (continued)

Name of subsidiary	Principal activity	Country of Incorporation	% Shareholding
Tunstall Healthcare (UK) Limited	Marketing, installation and service of community alarms	England	100%
Tunstall Holdings Limited	Intermediate holding company	England	100%
Tunstall Monitoring Limited	Non-trading entity	England	100%
Tunstall Response Limited	Non-trading entity	England	100%
Tunstall Trustee Company Limited	Non-trading entity	England	100%
Whitley Securities Limited	Non-trading entity	England	100%
Tunstall OY	Marketing, installation and service of community alarms	Finland	100%
Tunstall France SAS	Monitoring of community alarms	France	100%
Vitaris France SAS	Intermediate holding company	France	100%
Vitaris SAS	Monitoring of community alarms	France	100%
Tunstall GmbH	Installation of community alarms and hospital communications systems	Germany	100%
Tunstall Group Holding GmbH	Intermediate holding company	Germany	100%
Emergency Response Limited	Marketing, installation and service of community alarms	Ireland	100%
Tunstall New Zealand Limited	Monitoring of community alarms	New Zealand	100%
Tunstall Norge AS	Marketing, installation and service of community alarms	Norway	100%
Televida Servicios Sociosanitarios SL	Monitoring of community alarms and provider of healthcare response services	Spain	100%
Tunstall Iberica SA	Marketing, installation and service of community alarms	Spain	100%
U.T.E Televida Vodafone Salto	Monitoring of community alarms and provider of healthcare response services	Spain	55%
U.T.E Televida/GSR/IMQ	Monitoring of community alarms and provider of healthcare response services	Spain	80%
U.T.E Televida/GSR/Grupo Igualmequisa	Monitoring of community alarms and provider of health response services	Spain	80%
Tunstall AB	Marketing, installation and service of community alarms	Sweden	100%
Tunstall Group Holding AB	Intermediate holding company	Sweden	100%
Tunstall Management AB	Non-trading entity	Sweden	100%

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

18 Investments (continued)

Name of subsidiary	Principal activity	Country of Incorporation	% Shareholding
Tunstall Nordic AB	Intermediate holding company	Sweden	100%
Tunstall Sweden AB	Marketing, installation and service of community alarms	Sweden	100%
Tunstall AG	Marketing, installation and service of community alarms	Switzerland	100%
Tunstall Taiwan Co Limited	Non-trading entity	Taiwan	100%
Tunstall BV	Marketing, installation and service of community alarms	The Netherlands	100%
Vitaris Response BV	Monitoring of community alarms	The Netherlands	100%
Tunstall Health Inc	Telecare health provider	Canada	100%

*indicates direct investment of the Company rather than via a subsidiary.

Country	Registered office
Australia	Unit 1, 56 Lavarack Ave, Eagle Farm, Queensland 4009, Australia
Belgium	Rusatiralaan 1, 1083 Brussels, Belgium
Canada (Tunstall Canada Inc)	111 Zenway Blvd, Unit 6A, Woodbridge, Ontario, L4H 3H9, Canada
Canada (Tunstall Health Inc)	1672 Barrington Street, Halifax, Nova Scotia, B3J 2A2, Canada
Denmark	Niels Bohrs Vej 42, Stilling, 8660 Skanderborg, Denmark
England	Whitley Lodge, Whitley Bridge, Doncaster, DN14 0HR, United Kingdom
Finland	Äyritie 22, 01510 Vantaa, Finland
France	90A allée Hubert Curien, 71201 Le Creusot, France
Germany	Orkotten 66, 48291 Telgte, Germany
Ireland	Ryland Road, Bunclody, Enniscorthy, Co Wexford, Ireland
New Zealand	306 Cameron Road, Tauranga, New Zealand
Norway	c/o KPMG Law Advokatfirma AS, Sörkedalsveien 6, 0369 Oslo
Spain	Avda. de Castilla, 2 Parque Empresarial San Fernando, Edificio Munich, 2ª Planta, 28830 San Fernando de Henares, Madrid, Spain
Sweden	Hyllie Boulevard 10B, 215 32 Malmö, Sweden
Switzerland	Atte Lyssstrasse 1, 3270 Aarberg, Switzerland
The Netherlands	Oslo 26 – 28, P.O. Box 311, 2990 AH Barendrecht, The Netherlands
Taiwan	4F-1, N0220, Songjiang Rd, Zhongshan District, Taipei City, 104, Taiwan

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

19 Other financial assets

	Group 2020 £ 000	2019 £ 000
Non-current financial assets		
Security deposits	754	430
Restricted cash	293	347
	1,047	777

Security deposits relate to amount paid in relation to guarantees and property. Restricted cash principally relates to amounts held in Escrow.

20 Inventories

	Group 2020 £ 000	2019 £ 000
Raw materials, spare parts and consumables	3,277	3,443
Work in progress	364	641
Contract work in progress	830	611
Finished goods and goods for resale	6,755	5,943
	11,226	10,638

The cost of Group inventories recognised as an expense in the year amounted to £25,563,000 (2019: £30,302,000).

The amount of write-down of Group inventories recognised as an expense in the year is £674,000 (2019: £349,000). Both of the above costs are included within cost of sales.

21 Trade and other receivables

Current

	Group 2020 £ 000	2019 £ 000
Trade receivables	30,050	34,983
Amounts owed by parent and ultimate parent undertakings	-	9
Prepayments and other receivables	5,748	6,798
Other current assets	497	443
	36,295	42,233

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

21 Trade and other receivables (continued)

To measure the expected credit loss trade receivables have been grouped based on shared credit risk characteristics and days past due. The expected loss rates are based on historical payment profiles of sales and the corresponding historical credit losses experienced.

The amounts owed by parent and ultimate parent undertakings are repayable on demand and do not bear interest.

Current

	Company	
	2020	**2019**
	£ 000	**£ 000**
Amounts owed by subsidiary undertakings	572	1,296
	572	1,296

The amounts owed by subsidiary undertakings are repayable on demand.

Non-current

	Company	
	2020	**2019**
	£ 000	**£ 000**
Amounts owed by subsidiary undertakings	82,190	345,486
	82,190	345,486

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in the financial instruments note 25.

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial instruments note 25.

The Company has formal documented intercompany loan agreements. The loans are unsecured and repayable 12 months following written notice from the Company, or change of ownership of the Borrower, whichever is earlier.

Amounts recoverable after more than one year are in the form of loans between Group companies and bore interest at 6% until 3 August 2020 after which the rate dropped to 5%. Amounts owed by subsidiary undertakings are stated net of a provision of £nil (2019: £nil) where the Directors consider repayment of the full loan amount to be doubtful.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

22 Trade and other payables

	Group	
	2020	2019
	£ 000	£ 000
Trade payables	14,103	14,052
Accrued expenses	31,765	27,169
Deferred consideration	19	118
	45,887	41,339

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note 25.

The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial instruments note 25.

	Company	
	2020	2019
	£ 000	£ 000
Accrued expenses	100	2,633

23 Provisions

Group

	Warranties £ 000	Legal proceedings £ 000	Restructuring & other £ 000	Total £ 000
At 1 October 2019	630	1,155	572	2,357
Charged in the year	756	374	890	2,020
Provisions used	(364)	(519)	(768)	(1,651)
Provisions released	(71)	(84)	-	(155)
Foreign exchange differences	14	6	27	47
At 30 September 2020	965	932	721	2,618

Warranties
Warranty provisions relate to warranties provided as part of product sales in respect of which liabilities exist for the warranty period of the product.

Legal proceedings
The Group is aware of certain claims or potential claims which involve or may involve legal proceedings against the Group. The Directors have made a provision with regard to legal advice received and the Group's insurance arrangements.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

23 Provisions (continued)

Restructuring

As in previous years the Group is committed to certain restructuring activities, including the closure of its Canadian operations. As a result, the Group recognised additional provisions of £890,000 (2019: £291,000) during the year. This restructuring is expected to be completed in the year ended 30 September 2021.

The restructuring and legal provisions are expected to be utilised in the next 12 months.

24 Loans and borrowings

	Group	
	2020	2019
	£ 000	£ 000
Current loans and borrowings		
Accrued interest on bank borrowings	2,052	-
Finance lease liabilities	3,456	608
	5,508	608

Bank borrowings are stated, net of debt issue costs of £nil (2019: £nil).

	Group	
	2020	2019
	£ 000	£ 000
Non-current loans and borrowings		
Bank borrowings	179,526	311,726
Other loans	1,051	1,054
Finance lease liabilities	7,066	556
Amounts owed to parent and ultimate parent undertakings	120	468,829
	187,763	782,165

Bank borrowings are stated, net of debt issue costs of £nil (2019: £nil). Repayment terms can be found in the financial instrument note 25.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

24 Loans and borrowings (continued)

Changes in liabilities from financing activities

	Loans and borrowings	Amounts owed to and by parent and ultimate parent	Finance lease liabilities	Derivatives assets/ (liabilities)	Total
Balance at 1 October 2019	312,780	468,829	1,164	-	782,773
Changes from financing cash flows					
Net payment of finance leases	-	-	(4,960)	-	(4,960)
Net payment of intercompany balances	-	(265)	-	-	(265)
Total changes from financing cash flows	**-**	**(265)**	**(4,960)**	**-**	**(5,225)**
The effect of changes in foreign exchange rates	(64)	-	209	-	145
Other changes					
Changes in fair value of currency forward contracts	-	-	-	287	287
Transition to IFRS 16	-	-	9,253	-	9,253
Interest charges	55	-	479	-	534
New leases in the year	-	-	4,377	-	4,377
Movement in accrued interest	2,052	-	-	-	2,052
Interest rolled into debt	20,957	-	-	-	20,957
Net intercompany interest charge	-	62,319	-	-	62,319
Debt for equity swap	(153,151)	-	-	-	(153,151)
Forgiveness of intercompany debt		(530,763)			(530,763)
	182,629	120	10,522	287	193,558

	Company 2020 £ 000	2019 £ 000
Non-current loans and borrowings		
Amounts owed to subsidiary undertakings	33,365	25,791
Amounts owed to parent and ultimate parent undertakings	120	468,931
	33,485	494,722

The borrowings classified as financial instruments are disclosed in the financial instruments note 25.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

24 Loans and borrowings (continued)

The Group's exposure to market and liquidity risk, including maturity analysis, in respect of loans and borrowings is disclosed in the financial instruments note 25.

25 Financial instruments

Group

Fair value measurement
A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. The following tables show the carrying amounts and fair values of the Group's financial assets and liabilities.

Financial assets
Loans and receivables

At 30 September 2020

	Carrying value £ 000	Fair value £ 000
Cash and cash equivalents	18,582	18,582
Trade and other receivables	36,295	36,295
Restricted cash	293	293
Security deposits	754	754
	55,924	55,924

At 30 September 2019

	Carrying value £ 000	Fair value £ 000
Cash and cash equivalents	20,191	20,191
Trade and other receivables	42,233	42,233
Restricted cash	347	347
Security deposits	430	430
	63,201	63,201

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

25 Financial instruments (continued)

Financial liabilities

Financial liabilities at amortised cost

At 30 September 2020

	Carrying value £ 000	Fair value £ 000
Trade and other payables	(45,887)	(45,887)
Loans and borrowings	(193,271)	(193,271)
	(239,158)	(239,158)

At 30 September 2019

	Carrying value £ 000	Fair value £ 000
Trade and other payables	(41,339)	(41,339)
Loans and borrowings	(782,773)	(782,773)
	(824,112)	(824,112)

Hedging instruments

Financial assets measured at fair value

At 30 September 2020

	Carrying value £ 000	Fair value £ 000
Derivative financial instruments	-	-

At 30 September 2019

	Carrying value £ 000	Fair value £ 000
Derivative financial instruments	-	-

Financial Liabilities at fair value to profit and loss (FVTPL)

At 30 September 2020

	Carrying value £ 000	Fair value £ 000
Contingent consideration	(19)	(19)
Derivative financial instruments	(287)	(287)
	(306)	(306)

At 30 September 2019

	Carrying value £ 000	Fair value £ 000
Contingent consideration	(118)	(118)

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

25 Financial instruments (continued)

Bank borrowings

Refinancing
On 3 August 2020 the parent company of the Group, Tunstall Group Holdings Limited, was purchased by Don Jersey Bidco Limited (subsequently renamed Tunstall Integrated Healthcare Finance Limited), a subsidiary of Don Jersey Topco Limited (subsequently renamed Tunstall Integrated Healthcare Holdings Limited), a new entity set up for the purpose of the transaction.

This resulted in a portion of the debt being converted to a new five year senior term loan designated in Euros (with a repayment date of 3 August 2025), and the balance exchanged for equity in the new parent company.

Following the transaction, the bank debt reduced to €197,676,000 (the equivalent of £180,000,000 at the date of the transaction) compared to £311,726,000 at 30 September 2019.

In addition a further super senior term loan ("SSTL") facility, also provided by the existing lenders, of €20,000,000 is available for drawdown, expiring on 3 August 2023. The Revolving credit facility in place at the year end 2019 was cancelled on completion of the refinancing.

The Group has the following facilities:

Senior Term Loans
A senior term loan of €197,676,000 repayable in full on 3 August 2025 and bearing interest at 5.0% above EURIBOR.

This replaced the previous loans which were:

B1 Term loan with an original principal amount of £90m, repayable in full on 18 October 2020 and bearing interest at 5.0% per annum above LIBOR, plus a payment in kind ("PIK") margin of 3.0% compounded on maturity of each interest period.

B2 Term loan with an original principal amount of €240m, repayable in full on 18 October 2020 and bearing interest at 4.5% per annum above EURIBOR, plus a payment in kind ("PIK") margin of 3.0% compounded on maturity of each interest period.

Following the refinancing of the group, the Senior Term Loans (B1 and B2) were reduced to a single €197,676,000 loan repayable on 3 August 2025, and a net gain on modification of debt of £125,116,000 was realised in the accounts

The carrying value of term loans at the reporting date is €197,676,000 (£179,526,000) (2019: £311,726,000). Accrued interest on term loans amounted to £2,052,000 (2019: £nil). The Term Loans are stated net of debt issue costs of £nil (2019: £nil).

The term loans are secured by a mortgage debenture incorporating a fixed and floating charge over the Group and all its present and future subsidiaries together with an unlimited composite cross-guarantee structure.

Super Senior Term Facility
The Group has a super senior term facility of €20,000,000 available to drawdown upon if required, expiring on 3 August 2023. The loan bears interest at a margin of 8.0% above EURIBOR when utilised. At the year end this remained unutilised.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

25 Financial instruments (continued)

Revolving credit facility
The Group had a revolving credit facility of £10,000,000, which expired in the year as part of the restructuring agreement

The maximum amount drawn during the year was £7,500,000 (2019: £554,000).

Following the refinancing of the group, the Senior Term Loans (B1 and B2) were reduced to a single €197,676,000 loan repayable on 3 August 2025, with an additional Super Senior Term facility of €20,000,000 available to drawdown upon if required, expiring on 3 August 2023.

Financial risk management and impairment of financial assets

Group
The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management. The Board is responsible for developing and monitoring the Group's policies to risk management.

The Board of Directors aims to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. The policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how Management monitors compliance with the Group's risk management policies and procedures.

Credit risk and impairment
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables.

The Group's exposure to credit risk is influenced mainly by individual characteristics of each customer. However, Management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. Further details of concentration of revenue are included in notes 4 and 5.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The carrying amount of financial assets represents the maximum credit exposure.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

25 Financial instruments (continued)

Financial risk management and impairment of financial assets (continued)

Loans and receivables credit risk exposure and management

2020	Maximum amount of exposure £ 000	Provision for doubtful debt £ 000	Carrying value £ 000
Trade and other receivables	37,483	(1,188)	36,295

2019	Maximum amount of exposure £ 000	Provision for doubtful debt £ 000	Carrying value £ 000
Trade and other receivables	43,039	(806)	42,233

Past due and impaired financial assets

The provision for impairment of trade receivables (analysed below) is the difference between the carrying value and the present value of the expected proceeds. Management believes that the unimpaired amounts that are past due but not impaired are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

Age of trade receivables that are past due but not impaired	Group 2020 £ 000	2019 £ 000
Up to 3 months	6,781	10,424
3 months to 1 year	1,678	1,864
Over 1 year	172	297
	8,631	12,585

Age of impaired trade receivables	Group 2020 £ 000	2019 £ 000
Up to 3 months	143	135
3 months to 1 year	570	343
Over 1 year	387	363
	1,100	841

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

25 Financial instruments (continued)

Financial risk management and impairment of financial assets (continued)

Movement in provision for doubtful debt

	2020 £ 000	2019 £ 000
At start of year	(806)	(1,192)
Charged to the Income Statement	(386)	(119)
Utilised during the year	3	584
Other movement	1	(79)
At end of year	(1,188)	(806)

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign exchange risk

The Group operates within a number of international territories with approximately 70% of the Group's revenues in non-sterling currencies. The Group sources its raw materials mainly from the UK, EU and Far Eastern suppliers. As a result the Group is exposed to foreign exchange risk, principally against the Euro, US dollar and Swedish Kroner.

The Group's strategy is to mitigate the transactional and translation risk through structural and natural hedges. In respect of the Euro exposure this is managed through the Euro denomination of the Group's term loans. In respect of US dollar exposure, this is managed through a series of forward contracts.

During the period, the Group has been exposed to additional volatility of currency markets following the United Kingdom's decision to leave the European Union and ongoing instability in the Middle East.

The table below illustrates the hypothetical sensitivity of the Group's reported EBITDA and closing equity to a 10% increase and decrease in the Euro/Sterling exchange rates and Swedish Kroner/Sterling exchange rates at the year end date, assuming all other variables remain unchanged. The sensitivity rate of 10% represents the Directors' assessment of a reasonably possible change, based on historic volatility.

At 30 September 2020

	Impact on EBITDA £ 000	Impact on Equity £ 000
EUR (Sterling weakens by 10%)	3,131	6,909
EUR (Sterling strengthens by 10%)	(2,543)	(5,653)
SEK (Sterling weakens by 10%)	945	5,015
SEK (Sterling strengthens by 10%)	(773)	(4,103)

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

25 Financial instruments (continued)

Financial risk management and impairment of financial assets (continued)

Foreign exchange risk (continued)

At 30 September 2019

	Impact on EBITDA £ 000	Impact on Equity £ 000
EUR (Sterling weakens by 10%)	3,145	6,885
EUR (Sterling strengthens by 10%)	(2,573)	(5,633)
SEK (Sterling weakens by 10%)	920	4,963
SEK (Sterling strengthens by 10%)	(753)	(4,061)

Interest rate risk

The Group has syndicated loans and credit facilities, with the only loan now at a fixed rate above EURIBOR (with a zero floor) and EURIBOR respectively.

The risk of interest rate increases is managed through a number of interest rate hedges as described below which fix interest rates.

Assuming that all other variables (in particular foreign exchange rates) remain constant, an increase in the interest rate of 0.5% per annum above the zero floor would decrease profit and equity by £898,000 (2019: £1,585,000).

Note that at the year end the 6 month EURIBOR rate was negative 0.481%, so the above 0.5% per annum above EURIBOR would represent a total increase of 0.981%.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's short term cash flow forecasts are performed and reviewed on a bi-weekly basis. The Group's working capital is reviewed on a monthly basis. The Group operates within a liquidity covenant ensuring that the operating cashflow of the business after payment of taxes and investments in capital expenditure is sufficient to meet the debt service requirements of the Group.

Following the restructuring and refinancing the Group has access to an additional super senior term facility of €20,000,000.

The following table shows the remaining contractual maturities of financial liabilities at the reporting date. The amounts at the reporting date are gross and undiscounted, and included accrued interest.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

25 Financial instruments (continued)

Financial risk management and impairment of financial assets (continued)

Liquidity risk (continued)
Maturity analysis

2020	Within 1 year £ 000	Between 1 and 5 years £ 000	Total £ 000
Trade and other payables	(45,887)	-	(45,887)
Deferred income	(9,429)	-	(9,429)
Amounts owed to parent and ultimate parent undertakings	-	(120)	(120)
Bank borrowings	(2,052)	(179,526)	(181,578)
Other borrowings	-	(1,051)	(1,051)
Finance lease liabilities	(3,456)	(7,066)	(10,522)
	(60,824)	(187,763)	(248,587)

2019	Within 1 year £ 000	Between 1 and 5 years £ 000	Total £ 000
Trade and other payables	(41,339)	-	(41,339)
Deferred income	(8,813)	-	(8,813)
Amounts owed to parent and ultimate parent undertakings	-	(468,829)	(468,829)
Bank borrowings	-	(311,726)	(311,726)
Other loans	-	(1,054)	(1,054)
Finance lease liabilities	(608)	(556)	(1,164)
	(50,760)	(782,165)	(832,925)

26 Derivative Financial Instruments

Group

Derivative financial instruments - Interest Rate Caps
The Group's policy is to where possible adopt bi-annual (every 6 months) interest periods in respect of Term Loans. As the interest on the loans is variable, the cash flows payable on the loan fluctuate as interest rates change, introducing uncertainty and potential volatility into the cash flows of the Group. The Group reviews whether to hedge this interest rate exposure by entering into the interest rate caps and swaps.

In the previous year it had 2 interest rate caps which expired.

As a result during the previous year, the Group recognised an interest expense related to the caps of £9,000 being £2,000 in relation to the change in fair value of the interest rate cap and £7,000 in relation to the amortisation of the issue costs. There were no interest rate swaps or caps in place during the current financial year and consequently no expenses related to this.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

26 Derivative Financial Instruments (continued)

Derivative financial instruments - Foreign currency forward contracts
Where possible the Group manages it foreign currency risk by buying and selling in the same currency. The loans are in Euros, which offsets net Euro income from the Eurozone regions. However, the Group will also review whether to manage its future exposure by means of curency forward contracts. At the year end a number of contracts were in place for the purchase of US dollars. No formal hedging arrangement is in place so movements in the currency instrument are reflected in the income statement.

At the year the the fair value of the instruments was a liability of £287,000 (2019: £nil)

27 Pension and other schemes

Defined benefit pension schemes

Tunstall Group Limited Pension Scheme

The Group operates a defined benefit scheme in the United Kingdom for UK employees only (The Tunstall Group Limited Pension Scheme). The pension scheme has been closed to future accrual since 2013. The assets of the scheme are held separately from those of the Group.

The scheme's sponsoring employer is Tunstall Group Limited.

During the year ended 30 September 2020, the Group paid regular contributions to the pension scheme of £nil (2019: £nil) in respect of the defined benefits arrangements. Additional contributions of £2,848,000 (2019: £2,625,000) have been paid in the period to reduce the pension deficit.

The Group has agreed with the trustees that it will aim to eliminate the deficit over a period of 7 years from 1 October 2020 by the payment of annual contributions of £3,178,000. These contributions will increase at 6% per annum with the first increase being due at 1 October 2021. The duration of the scheme liabilities is 20 years.

Contributions payable to the pension scheme at the end of the year are £nil (2019: £nil). The expected contributions to the plan for the next reporting period are £3,178,000 .

The scheme was most recently valued on 5 April 2019. A full actuarial valuation of the scheme was carried out at 5 April 2019 and updated for IAS 19 purposes to 30 September 2020 by a qualified actuary, independent of the scheme's sponsoring employer.

The English High Court rulings in the Lloyds Banking Group Pension Trustees v Lloyds Bank Plc was published on 26 October 2018 and held that UK pension schemes with Guarantees Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effect of these GMPs between men and women. The case also gave some guidance on related matters including the methods for equalisations. As a result of this a charge of £1,574,000 was recognised in past service costs and exceptional items in the year ended 30 September 2019. No charges arose in the current financial year.

Risks

Investment risk
This arises from assets underperforming, resulting in an investment return not being sufficient to meet the funding objective. It is the policy of the trustees and the Company to review the investment strategy at the time of each funding valuation. The trustees investment objectives and the processes undertaken to measure and manage the risks inherent in the plan investment strategy are documented in the plan's Statement of investment principles.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

27 Pension and other schemes (continued)

Inflation risk

The Group is exposed to changes in inflation rates. 34% of the plan assets are invested in Liquidity Driven Investments (LDI) funds. In view of the gearing inherent within these LDI holdings they will provide a much higher proportion of protection against the interest rate and inflation rate risks to the liability valuation.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the Statement of Financial Position are as follows:

	2020 £ 000	2019 £ 000
Fair value of scheme assets	67,330	64,663
Present value of scheme liabilities	(95,978)	(90,023)
Defined benefit pension scheme deficit	(28,648)	(25,360)
Deferred tax asset	5,443	4,339
Net liability recognised	(23,205)	(21,021)

The present value of plan liabilities is measured by discounting the best estimate of future cash flows to be paid out by the plan using the defined accrued benefits funding method. The value calculated in this way is reflected in the net liability in the Statement of Financial Position as shown above.

All actuarial gains and losses will be recognised in the year in which they occur in Other Comprehensive Income (OCI).

Scheme assets

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

	2020 £ 000	2019 £ 000
Fair value at start of year	64,663	53,950
Interest income	1,187	1,529
Return on plan assets, excluding amounts included in interest income	374	7,873
Employer contributions	2,848	2,625
Benefits paid	(1,742)	(1,314)
Fair value at end of year	67,330	64,663

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

27 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2020 £ 000	2019 £ 000
Cash and cash equivalents	5	43
Equity instruments	40,842	38,561
Liability Driven Investments ("LDI")	23,032	23,261
Index linked Gilts	3,451	2,798
	67,330	64,663

None of the fair values of the assets shown above include any direct investments in the Group's own financial instruments or any property occupied by, or other assets used by, the Group. All of the plan assets have a quoted market price in an active market with the exception of the trustees' bank account balance.

Actual return on scheme's assets

	2020 £ 000	2019 £ 000
Actual return on scheme assets	1,561	9,402

Scheme liabilities

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

	2020 £ 000	2019 £ 000
Present value at start of year	90,023	74,954
Interest expense	1,623	2,124
Actuarial gains and losses arising from changes in demographic assumptions	2,680	(695)
Actuarial gains and losses arising from changes in financial assumptions	4,810	13,380
Actuarial gains and losses arising from experience adjustments	(1,416)	-
Benefits paid	(1,742)	(1,314)
Past service costs	-	1,574
Present value at end of year	95,978	90,023

There have been no plan amendments, curtailments or settlements in the accounting period.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

27 Pension and other schemes (continued)

Principal actuarial assumptions

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

	2020 %	2019 %
Discount rate	1.69	1.82
Future pension increases	2.47	2.25
Inflation (RPI)	2.97	3.25
Inflation (CPI)	2.47	2.25

The mortality table used was 107% of standard tables S3PMA/S3PFA_M, Year of Birth, no age rating for males and females, projected using CMI_2019 converging to 1.25% p.a. (2018: 110% of standard tables S2PxA, Year of Birth, no age rating for males and females, projected using CMI_2017 converging to 1.25% p.a.).

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Post retirement mortality assumptions

	2020 Years	2019 Years
Current UK pensioners at retirement age - male	21.60	21.20
Current UK pensioners at retirement age - female	23.30	22.90
Future UK pensioners at retirement age - male	22.90	22.40
Future UK pensioners at retirement age - female	24.80	24.50

Amounts recognised in the income statement

	2020 £ 000	2019 £ 000
Amounts recognised in operating profit		
Past service costs	-	(1,574)
Amounts recognised in finance income or costs		
Finance cost in respect of pensions	(436)	(595)
Total recognised in the Income Statement	(436)	(2,169)

The past service costs in the year ended 30 September 2019 of £1,574,000 were treated as exceptional costs in the year as they relate to a one-off charge in relation to GMP equalisation.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

27 Pension and other schemes (continued)

Amounts recognised in the Statement of Comprehensive Income

	2020 £ 000	2019 £ 000
Actuarial gains and losses arising from changes in demographic assumptions	(2,680)	695
Actuarial gains and losses arising from changes in financial assumptions	(4,810)	(13,380)
Actuarial gains and losses arising from experience adjustments	1,416	-
Return on plan assets, excluding amounts included in interest	374	7,873
Amounts recognised in the Statement of Comprehensive Income	(5,700)	(4,812)

Reconciliation of the impact of the asset ceiling

The Group has reviewed implications of the guidance provided by IFRIC14 and has concluded that it is not necessary to make any adjustments to the IAS19 figures in respect of an asset ceiling or Minimum Funding Requirement as at 30 September 2020.

Sensitivity analysis

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

- A decrease in the discount rate of 0.25% per annum would increase the liability by 5.0% (2019: 5.0%).
- An increase in the inflation rate of 0.25% per annum would increase the liability by 2.9% (2019: 3.3%).
- An increase in the life expectancy of 1 year would increase the liability by 2.9% (2019: 2.7%).
- Members commuting an extra 10% of Post A Day pension on retirement would decrease the liability by 0.6% (2019: 0.6%).

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflations sensitivity includes the impact of changes to the assumptions for revaluation and pension increases.

The pension plan holds an insurance policy that secures pensions payable to 8 members with an estimated valuation as at the latest scheme account year ended 5 April 2020 to be £819,626 (5 April 2019: £789,525). The insurance policy held exactly matches the value and timing of the benefits payable to individual members and the fair value is deemed to be the present value of the related obligations. This asset has been valued by the Scheme Actuary based on the assumptions as at 5 April 2020. This asset is considered to be Level 3 asset under the fair value hierarchy obligations However, this asset does not form a part of the defined benefit assets and defined benefit liability.

The Group has revised the methodology on the calculation of RPI and CPI in the year. These items are classified as a change in accounting estimate under IAS8 .

The change in RPI methodology had an impact of reducing balance sheet liabilities by £3.2m at 30 September 2020. The change in CPI methodology increased the balance sheet liabilities by £5.8m at 30 September 2020.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

27 Pension and other schemes (continued)

Other retirement benefit obligations
Included within the Retirement Benefit Obligation is £139,000 (2019: £112,000) in relation to employee entitlements on retirement in France.

Defined contribution pension scheme
The Group operates a number of defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £3,304,000 (2019: £3,333,000).

28 Share capital

Allotted, called up and fully paid shares - Group and Company

	2020 No.	2020 £ 000	2019 No.	2019 £ 000
A Ordinary share of £1,533,216.19 each	1	1,533	-	-
B Ordinary shares of £0.0001 each	1,000,000	-	-	-
Ordinary shares of £0.01 each	-	-	153,321,619	1,533
	1,000,001	1,533	153,321,619	1,533

During the year as part of the debt for equity swap agreement the Company

- Consolidated the existing ordinary shares into 1 ordinary A share of 1,533,216.19
- Issued 1,000,000 B Ordinary shares of £0.0001 each in exchange for entering into the debt restructuring agreement

The fair value of the equity given was £19,000,000 resulting in share premium on the transaction resulting in a share premium of £18,999,900.

The A and B shares rank pari passu in all respects, including the rights to receive distributions by the Company, receive notice and vote in general meetings, and capital on a winding up of the Company.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

29 Reserves

Group

Nature of reserves

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Foreign currency translation £ 000	Accumulated losses £ 000	Total £ 000
Foreign currency translation gains	(1,437)	-	(1,437)
Remeasurements of post employment benefit obligations	-	(5,700)	(5,700)
Deferred taxation regarding pension scheme deficit	-	1,545	1,545
	(1,437)	(4,155)	(5,592)

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Foreign currency translation £ 000	Accumulated losses £ 000	Total £ 000
Gain/(loss) on hedge of investments in foreign operations (net)	55	(55)	-
Foreign currency translation losses	280	-	280
Remeasurements of post employment benefit obligations	-	(4,812)	(4,812)
Deferred taxation regarding pension scheme deficit	-	775	775
	335	(4,092)	(3,757)

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

30 Share-based payments

During the year, the Group established a Management Incentive Plan ("MIP") that entitled key management personnel and senior employees to purchase shares in the ultimate parent entity Tunstall Integrated Healthcare Holdings Limited.

The MIP is subject to a non-market performance condition with the right to hold shares terminating upon the employee ceasing to hold office with the Group during the vesting period, subject to certain exceptions. The shares fully vest only upon the sale of the Group.

Under IFRS 2, the MIP meets the definition of an equity-settled share-based payment arrangement.

Measurement of fair values

The fair value of the MIP has been measured using the Monte Carlo simulation model.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plan were as follows:

Fair value per share at grant date	£17.14
Price paid per share	£1.40
Grant date	3 August 2020
Expected life	2 years and 2 months (26 months)
Dividend yield/interest payments	£22.8m
Expected volatility	25.0%
Discount for post-vesting restrictions	15.0%
Risk-free rate	(0.06%)

The shares were issued at a value of £1.40 per share. The shares are deemed to have value if the proceeds on the sale of the Group exceed the value of the higher ranking bank borrowings of the Group (Senior debt including annual interest payments) and the Group's Retirement Benefit Obligation ("Hurdle"). The directors have not disclosed the hurdle payment due to the commercially sensitive nature of the amount.

Expected volatility is based on the evaluation of the historical volatility of the Group's quoted comparator companies over a period commensurate with the expected term of the option.

The number of shares under the share option arrangement at the reporting date are as follows:

	Number of shares	Fair value
Outstanding at 1 October 2019		
Granted during the year	85,920	£1,472,669
Outstanding at 30 September 2020	85,920	£1,472,669

These were granted in August 2020, with an amount of £120,288 paid.

The Directors have assumed that all shares granted during the year will vest on the sale of the Group.

Of the above share options, none are exercisable as at 30 September 2020.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

31 Changes in significant accounting policies

The Group has applied IFRS 16 using the modified retrospective with cumulative effect method - i.e. by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 1 October 2019.

Therefore, the comparative information has not been restated and continues to be reported under IAS 17. The disclosure requirements in IFRS 16 have not been applied to comparative information. The details of the changes and the quantitative impact are set out below:

(a) Definition of a lease

Previously the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 2. On transition to IFRS 16, the Group elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 October 2019.

(b) As a lessee

The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Only finance leases were then recognised on the balance sheet.

Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases - i.e. these leases are on-balance sheet.

Leases classified as operating leases under IAS 17

On transition, for operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted based on the Group's incremental borrowing rate for the region, as at 1 October 2019.

Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Company applied this approach to all other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular these were:

- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- used hindsight when determining the lease term.

Leases classified as finance leases under IAS 17

For these finance leases, the carrying amount of the right-of-use asset was determined at the carrying amount of the lease asset under IAS 17 at 1 October 2019. There was no change made to the lease liability.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

31 Changes in significant accounting policies (continued)

The following table summarises the quantitative impact of adopting IFRS 16 on the Group's financial statements for the year ending 30 September 2020.

Impact of adoption of IFRS 16

	As reported	Adjustments	Balances without adoption of IFRS 16
	£ 000	£ 000	£ 000
Balance sheet			
Property, plant and equipment	43,837	(9,206)	34,631
Loans and borrowings (current)	(5,508)	3,456	(2,052)
Loans and borrowings (non-current)	(187,763)	5,702	(182,061)
Retained earnings	(78,855)	(48)	(78,903)

When measuring the lease liabilities for leases that were classified as operating leases, the Group discounted lease payments based on its incremental borrowing rate at 1 October 2019. The weighted average rate applied was 6% in the UK and 5% overseas.

The following table summarises the difference between the operating lease commitments disclosed under IAS 17 at 30 September 2019 in the Group's financial statements and the lease liabilities recognised at 1 October 2019.

	As reported
	£ 000
Operating lease commitments at 30 September 2019	11,222
Impact of discounting on the lease liabilities	(1,143)
Lease commitment at 30 September 2019 with lease start in the year ended 30 September 2020	(1,520)
Recognition exemption for low value leases	(82)
Extension options reasonably certain to be exercised	264
Hindsight application of rate increases	253
Additional items identified and classified as leases	259
	9,253

The adjustment in respect of additional commitments above relates to a property to which the Group was committed, but for which the lease did not commence until the current financial year.

Other increases reflect the Group reviewing details of all leases and extension and price increase options implicit in the lease.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

32 Commitments

Group

Capital commitments
The total amount for future capital expenditure contracted at the year end was £180,000 (2019: £121,000).

33 Contingent liabilities

At 30 September 2020, the Group had contingent liabilities in respect of performance bonds and other letters of credit entered into on behalf of its subsidiary undertakings totalling £303,000 (2019: £489,000).

Since the refinancing of the group any guarantees are covered by cash collateralisation, included in other non-current assets.

34 Related party transactions

Key Management Personnel
The Group defines key management personnel as the Board of Directors (Executive and non-Executive Directors), which included representatives from Charterhouse General Partners (VIII) Limited.

The number of key management personnel are 15 (2019: 10). Remuneration to key management personnel amounted to £4,085,569 (2019: 2,114,000).

In the opinion of the Directors, there were no other related party transactions during the year.

The ultimate parent company was Tunstall Healthcare Group Limited until the acquisition on 3 August 2020. Following this, the ultimate parent company is now Tunstall Integrated Healthcare Holdings Limited, a company incorporated in Jersey. The consolidated financial statements are the largest and smallest in which the results of the Company are consolidated are those of Tunstall Group Holdings Limited.

Until the transaction on 3 August 2020 a controlling interest in the Company was held by Charterhouse General Partners (VIII) Limited by virtue of its 60.8% holding in the issued shares of Tunstall Healthcare Group Limited and Charterhouse General Partners (VIII) Limited was the ultimate controlling party of Tunstall Healthcare Group Limited. Following this there is no individual controlling party of the ultimate parent.

Notes to the Financial Statements for the Year Ended 30 September 2020 (continued)

35 Discontinued operations

The Company began the process to dispose of its business in the USA during 2018, with completion being reached on 28 January 2019. The results of this business were treated as discontinued in the accounts for the year ended 30 September 2019.

There were no discontinued operations in the year ended 30 September 2020.

Results of discontinued operations	**2020 £ 000**	**2019 £ 000**
Revenue	-	11,062
Expenses	-	(10,554)
Operating profit related to discontinued operations	-	508
Analysed as:		
Operating profit before charging depreciation and amortisation and exceptional items ("EBITDA")	-	555
Exceptional items	-	(47)
Profit on disposal of trade and assets	-	518
Results from operating activities	-	1,026
Profit from discontinued operations, net of tax	-	1,026

Cashflows as a result of discontinued operations	**2020 £ 000**	**2019 £ 000**
Net cash outflow from discontinued operations	-	-

The assets of the disposal group are shown in note .