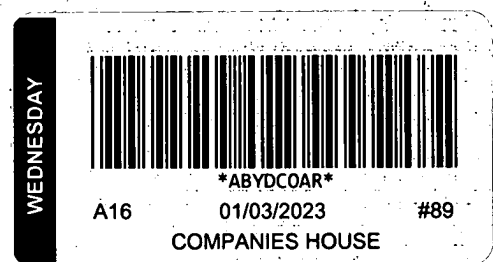


Registration number: 10074128

Shepton Mallet Health Partnership Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2022



Shepton Mallet Health Partnership Limited
Registration number: 10074128

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and Financial Statements	6
Independent Auditor's Report to the members of Shepton Mallet Health Partnership Limited	7 to 11
Profit and Loss Account	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 to 22

Shepton Mallet Health Partnership Limited
Registration number: 10074128

Company Information

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

Shepton Mallet Health Partnership Limited
Registration number: 10074128

Strategic Report for the Year Ended 30 September 2022

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

Principal activity

The principal activity of the Company is the provision of healthcare services.

Our values

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

Our values are:

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

Review of the business

The Company was set up as an intermediary relating to the Shepton Mallet joint venture. There has been a change in the contractual arrangements and costs are no longer being invoiced through this Company.

Shepton Mallet Health Partnership Limited
Registration number: 10074128

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

The Company has not traded during the year and there are not considered to be any KPI measurements of note. There were no significant transactions during the year.

Principal risks and uncertainties

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

Market risk

The main risk faced by the business is the impact of the many challenges facing our primary customer, the NHS, and the political appetite to allow independent providers to offer NHS services. These factors can have a direct impact on the number of referrals we receive for our elective surgery and CATS & Diagnostics businesses, and can vary dependant on the locality of the trading unit and the relationships we have with the local CCGs. The mitigation for this risk is to continually strive to deliver high levels of quality, safety and patient satisfaction.

Regulatory risk

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

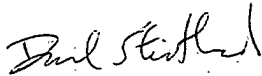
Inflation risk

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

People risk

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

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



.....
David Stickland
Director

Directors' Report for the Year Ended 30 September 2022

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

Directors of the Company

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

James Easton

David Stickland

Philip Brice

Andy Heron

Pippa Moger

Karen Prosser (ceased 31 March 2022)

Dividends

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

Information included in the Strategic Report

The review of business is noted in the Strategic Report.

Political donations

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

Future developments

The Directors plan to re-tender for the existing contract on its expiry of 31st March 2025. As such, the Directors consider the future prospects of the Company to be satisfactory.

Going concern

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

- The Company acted as an intermediary company which passed all costs through to its related parties and therefore does not require any liquidity. In the event of any cash requirements, these could be funded by the Group.
- At 30 September 2022, the Group has significant levels of liquidity with a strong cash position of £32.1m and access to a further £5.0m of Revolving Credit Facilities and a £5.0m overdraft which are fully undrawn.
- Budgeted cash flows show that the Group would be able to continue in operational existence for at least 12 months from the date of approval of these financial statements. This budget reflects the impact of the refinancing arrangements which have occurred since the 30th September 2022 and which led to the extension of the RCF and the overdraft facilities.
- In considering the Group's ability to continue as a going concern, the Directors have prepared a range of detailed cash flow forecasts for the Group for the period of 12 months from the date of approval of these financial statements, using a range of scenarios, which take into account the current inflationary market pressures. Even under the most severe but plausible scenario, the Group has sufficient resources and liquidity to be able to continue to trade for at least 12 months from the date of signing of these financial statements,

Shepton Mallet Health Partnership Limited
Registration number: 10074128

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

Directors' liabilities

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

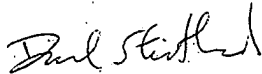
Disclosure of information to the Auditor

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

Reappointment of auditors

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

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



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

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

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

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

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

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

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

Independent Auditor's Report to the Members of Shepton Mallet Health Partnership Limited

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Independent Auditor's Report to the Members of Shepton Mallet Health Partnership Limited (continued)

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

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

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries supporting documentation. These included those posted by individuals who typically do not make journal entries, journals containing key words and unusual or unexpected account combinations with Revenue and unusual or unexpected account combinations with Cash and borrowings;
- Sample testing invoices relating to the period prior to and following 30 September 2022 to determine whether income is recognised in the correct accounting period; and
- Assessing significant accounting estimates for bias.

Independent Auditor's Report to the Members of Shepton Mallet Health Partnership Limited (continued)

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

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

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

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

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

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

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

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

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

Independent Auditor's Report to the Members of Shepton Mallet Health Partnership Limited (continued)

Strategic report and Directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

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

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

Auditor's responsibilities

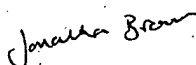
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit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

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

Independent Auditor's Report to the Members of Shepton Mallet Health Partnership Limited (continued)

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

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



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

24 February 2023

Shepton Mallet Health Partnership Limited
Registration number: 10074128

Profit and Loss Account for the Year Ended 30 September 2022

	Note	2022 £ 000	2021 £ 000
Turnover	4	-	(32)
Cost of sales		-	32
Operating profit		-	-
Profit before tax		-	-
Profit for the financial year		-	-

The above results were derived from continuing operations.

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

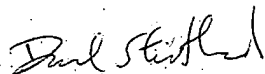
The notes on pages 15 to 22 form an integral part of these financial statements.

Shepton Mallet Health Partnership Limited
Registration number: 10074128

Balance Sheet
As at 30 September 2022

	Note	30 September 2022 £ 000	30 September 2021 £ 000
Current assets			
Debtors		-	-
Net current assets/(liabilities)		-	-
Net assets/(liabilities)		-	-
Capital and reserves			
Shareholders' funds/(deficit)		-	-

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



.....
David Stickland
Director

The notes on pages 15 to 22 form an integral part of these financial statements.

Shepton Mallet Health Partnership Limited
Registration number: 10074128

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

	Share capital £ 000
At 1 October 2020	-
At 30 September 2021	-
	Share capital £ 000
At 1 October 2021	-
At 30 September 2022	-

The notes on pages 15 to 22 form an integral part of these financial statements.

Shepton Mallet Health Partnership Limited
Registration number: 10074128

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

1 General information

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

The address of its registered office is:

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

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

2 Accounting policies

Statement of compliance

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

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

Basis of preparation

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

Summary of disclosure exemptions

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

- The requirements of IAS 7 Statement of Cash Flows;
- Certain disclosures relating to revenue under IFRS 15 Revenue from Contracts with Customers
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of: paragraph 79(a)(iv) of IAS 1 relating to reconciliation of shares; paragraph 73(e) of IAS 16 Property, Plant and Equipment and paragraph 118(e) of IAS 38 Intangible Assets;
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors relating to the assessment of the impact of new IFRS;

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

2 Accounting policies (continued)

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

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

Summary of significant accounting policies and key accounting estimates

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

Going concern

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

- The Company acted as an intermediary company which passed all costs through to its related parties and therefore does not require any liquidity. In the event of any cash requirements, these could be funded by the Group.
- At 30 September 2022, the Group has significant levels of liquidity with a strong cash position of £32.1m and access to a further £5.0m of Revolving Credit Facilities and a £5.0m overdraft which are fully undrawn.
- Budgeted cash flows show that the Group would be able to continue in operational existence for at least 12 months from the date of approval of these financial statements. This budget reflects the impact of the refinancing arrangements which have occurred since the 30th September 2022 and which led to the extension of the RCF and the overdraft facilities.
- In considering the Group's ability to continue as a going concern, the Directors have prepared a range of detailed cash flow forecasts for the Group for the period of 12 months from the date of approval of these financial statements, using a range of scenarios, which take into account the current inflationary market pressures. Even under the most severe but plausible scenario, the Group has sufficient resources and liquidity to be able to continue to trade for at least 12 months from the date of signing of these financial statements.

Revenue recognition

Recognition

The Company provides services relating to surgical procedures at our Hospital and Surgical Centres. The revenue recognition policy is to recognise revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

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

2 Accounting policies (continued)

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

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

Fee arrangements

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

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

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

Transaction price

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

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

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

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

2 Accounting policies (continued)

Principal versus agent

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

This assessment of control requires judgement in particular in relation to certain service contracts. Where the Company is acting as a principal, revenue is recorded on a gross basis. Where the Company is acting as an agent revenue is recorded at a net amount reflecting the margin earned.

Contract modifications

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

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

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

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

2 Accounting policies (continued)

Contract assets and receivables

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

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

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

Contract liabilities

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

Impairment of contract related balances

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

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

Share capital

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

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

3 Critical accounting judgements and key sources of estimation uncertainty

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

Management regularly discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. No significant judgements or estimation uncertainties have been identified in the preparation of these Financial statements.

4 Turnover

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

	2022 £ 000	2021 £ 000
Rendering of services	-	(32)

5 Directors' remuneration

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

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

6 Auditors' remuneration

	2022 £ 000	2021 £ 000
Audit of the financial statements	3	3

Shepton Mallet Health Partnership Limited
Registration number: 10074128

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

7 Share capital

Allotted, called up and fully paid shares

	30 September 2022		30 September 2021	
	No.	£	No.	£
A Ordinary shares of £0.01 each	51	0.51	51	0.51
B Ordinary shares of £0.01 each	49	0.49	49	0.49
	<u>100</u>	<u>1.00</u>	<u>100</u>	<u>1.00</u>

Shepton Mallet Health Partnership Limited
Registration number: 10074128

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

8 Related party transactions

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

Loans from related parties

	Parent £ 000
2022	
At start of period	-
Advanced	(3)
At end of period	(3)
2021	
At start of period	-
At end of period	-

9 Parent and ultimate parent undertaking

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

The Company's immediate parent is Practice Plus Group Hospitals Limited.

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

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

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