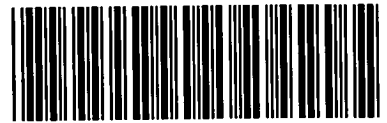


Company Registration No. 05679781 (England and Wales)

CONNECT HEALTH PAIN SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2022

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CONNECT HEALTH PAIN SERVICES LIMITED

COMPANY INFORMATION

Directors	A G Walton S L Belfer M E Turner
Company number	05679781
Registered office	The Light Box Quorum Business Park Benton Lane Newcastle upon Tyne Tyne and Wear NE12 8EU
Auditor	RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne United Kingdom NE1 4AD
Bankers	Bank of Scotland PO Box 17235 Edinburgh EH11 1YH

CONNECT HEALTH PAIN SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present the strategic report for the year ended 30 June 2022.

The company is a provider of physiotherapy and pain management services.

Company overview

The company works with the NHS providing community pain clinics in 23 different CCG contract areas providing over 6,500 patient consultations a month.

NHS Services Overview

The NHS is facing continued pressure. There are many reasons for this, including an ageing and growing population with rising co-morbidities, challenges for primary care both financially and meeting the demand for GPs, and an increasingly challenging financial envelope. This has been exacerbated by Covid-19, which has seen a significant backlog of activity in community services during the year as a result of the impact of lockdown and has seen patients presenting with more complex conditions due to delays in referrals.

The company believes that it has a clear opportunity to drive standards in the community sector; with a greater volume and quality of data providing detailed visibility of performance, combined with innovation in clinical delivery and support. It has developed formal partnerships with several leading universities to add independence and rigour to this process of learning, innovation and sharing.

Business review and key performance indicators

The financial statements for 2022 represent twelve months of trading from July 2021 to June 2022, whereas the 2021 financial statements show results for the nine month period from October 2020 to June 2021. Turnover increased by 48.2% to £11.2m (£7.6m 2021), gross margin increased to £4.1m (£3.3m 2021) and administrative costs were lower at £1.6m (£2.2m 2021), resulting in a profit before tax of £2.6m (£0.1m profit 2021). EBITDA for the year, excluding exceptional costs, was £2.7m which is an increase of £1.5m on the prior year figure. This improved performance is a combination of growth, a recovery from the impact of Covid-19 in 2021, certain one-off items in the prior period not reoccurring in the current year and an additional three months of trading.

Principal risks and uncertainties

The business, in common with every other business, is subject to risks and uncertainties. These are monitored by the company's Board of Directors and by two sub-committees of the parent company, Connect Health Group Limited - Integrated Quality, Audit & Compliance Committee and the Remuneration Committee. Each sub-committee is chaired by one of the group's Non-Executive Directors, with attendance from other members of the company and parent company Boards. The committees support the Board who are responsible to ensure the appropriate strategy and procedures are implemented to minimise the impact of any principal risks and uncertainties on the company.

Political risk / uncertainty

As a provider of integrated community services for the NHS, this is the greatest risk/uncertainty to the company and one which is wholly systemic. As with all private sector partners to the public sector, political risk and change of policy via a new government is a risk which the directors cannot mitigate directly. The directors remain confident that given the additional pressures on public spending to manage the national debt, the need for increasing efficiency and innovation, the public sector, and in particular the NHS, will continue to require the private sector's partnership and support. Covid-19 presented a new uncertainty for many sectors globally, however, with the company operating in the healthcare sector, which was overwhelmed due to pandemic, the company is still well positioned to have a low risk of ongoing significant impacts from the pandemic on its underlying operations.

CONNECT HEALTH PAIN SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Financial risk

As a growing business, financial risk, and in particular over-trading, is a risk. The directors manage this risk via the preparation and detailed review of key financial information, including short and long-term forward forecasting and planning, incorporating profit and loss, balance sheet and cashflow reporting, aligned with a detailed review of capital and subsequent funding support requirements. In addition, regular monitoring and detailed analysis of profitability by division, contract and department ensures that actual performance is compared to expectations and the outlook is continually monitored. If and where necessary, corrective actions and or changes to strategy and or financial funding are made to support the business operations and minimise any financial risk.

Liquidity risk

The directors regularly monitor the financial information to ensure that any risks in this area are considered in a timely basis. During the course of the current financial year, there have been no negative liquidity events and the company has always maintained positive cash balances throughout the year.

Credit risk

Credit risk is the financial loss to the company if a client fails to meet its contractual obligations. The company is mainly exposed to credit sales. The company monitors credit risk via credit monitoring and business credit reports via Dun and Bradstreet and considers that its current policy and subsequent creditor analysis meets its objectives of managing this exposure. The overall strength and quality of the debtors' ledger is strong as almost all trading, and therefore the debtor balance, is with the UK government via the CCGs who commission services from Connect Health on behalf of the NHS.

Credit risk also arises from cash and equivalents deposited with financial institutions and potential risk of their failure. To reduce the risk, cash is only held with institutions with an overall long-term rating of AA- or better, as rated independently by Standard and Poor.

On behalf of the board

Mike Turner

.....
M E Turner
Director

15/03/23
Date:

CONNECT HEALTH PAIN SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present their annual report and financial statements for the year ended 30 June 2022.

Principal activities

The principal activity of the company continued to be that of the development and delivery of innovative community based pain services for the benefit of NHS patients.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid (2021: £990k).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

L J Ali	(Resigned 24 September 2021)
J C Lowe	(Resigned 3 September 2021)
A G Walton	
S L Belfer	(Appointed 9 February 2022)
M E Turner	(Appointed 10 January 2022)

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mike Turner

.....
M E Turner

Director

15/03/23

Date:

CONNECT HEALTH PAIN SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2022

The directors are responsible for preparing the Strategic Report and 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONNECT HEALTH PAIN SERVICES LIMITED

Qualified opinion

We have audited the financial statements of Connect Health Pain Services Limited (the 'company') for the year ended 30 June 2022, which comprise statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the accompanying financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

There are certain accruals of £590k that had a carrying value of £940k as at 30 June 2021 of which £350k has been released and credited to cost of sales in the year ended 30 June 2022, of which the audit evidence available to us was limited because no supporting detail for the balance was available and given its nature and the potential period covered we were unable to obtain audit evidence to form an opinion on the carrying amount of this balance. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the value, existence and completeness of the accrual by using other audit procedures. Consequently we were unable to determine whether any adjustments to accruals were necessary.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONNECT HEALTH PAIN SERVICES LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

In respect solely of the limitation on our work relating to room hire provision, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control that the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONNECT HEALTH PAIN SERVICES LIMITED (CONTINUED)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to NHS and Care Quality Commission regulations. We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition (cut off, existence and valuation) as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed in the respect of management override of controls included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments. Audit procedures performed in respect of revenue recognition (cut off, existence and valuation) included but were not limited to reviewing revenue transactions close to and around the year end date to determine transactions were accounted for in the correct period based on the date services were provided to customers, testing year end accrued income and unbilled revenue balances to ensure that the amounts recognised were appropriate in light of the stage of completion and post year end invoicing and reviewing revenue transactions recognised during the year to ensure that the amounts recognised existed and were accurately valued.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

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.

Steven Cleugh

Steven Cleugh FCCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
United Kingdom, NE1 4AD

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15/03/23

CONNECT HEALTH PAIN SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

		Year ended 30 June 2022 £'000	Period from 1 Oct 2020 to 30 June 2021 £'000
	Notes		
Turnover	3	11,213	7,568
Cost of sales		(7,074)	(4,313)
Gross profit		4,139	3,255
Administrative expenses		(1,579)	(2,207)
Exceptional item	4	-	(913)
Profit before taxation		2,560	135
Tax on profit	8	(165)	(238)
Profit/(loss) for the financial year		2,395	(103)

CONNECT HEALTH PAIN SERVICES LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2022**

	Notes	2022 £'000	£'000	2021 £'000	£'000
Fixed assets					
Intangible assets	10		18		25
Tangible assets	11		474		411
			<u>492</u>		<u>436</u>
Current assets					
Debtors	12	2,440		2,873	
Cash at bank and in hand		4,032		2,251	
		<u>6,472</u>		<u>5,124</u>	
Creditors: amounts falling due within one year	13	(1,897)		(2,903)	
Net current assets			<u>4,575</u>		<u>2,221</u>
Total assets less current liabilities			<u>5,067</u>		<u>2,657</u>
Provisions for liabilities	14		(15)		-
Net assets			<u><u>5,052</u></u>		<u><u>2,657</u></u>
Capital and reserves					
Other reserves	18		296		296
Profit and loss reserves	18		4,756		2,361
Total equity			<u><u>5,052</u></u>		<u><u>2,657</u></u>

15/03/23

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

Mike Turner

.....
M E Turner
Director

CONNECT HEALTH PAIN SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

		Other reserves	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000
Balance at 1 October 2020		296	3,454	3,750
Period ended 30 June 2021:				
Loss and total comprehensive income for the period		-	(103)	(103)
Dividends	9	-	(990)	(990)
Balance at 30 June 2021		296	2,361	2,657
Year ended 30 June 2022:				
Profit and total comprehensive income for the year		-	2,395	2,395
Balance at 30 June 2022		296	4,756	5,052

CONNECT HEALTH PAIN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

Company information

Connect Health Pain Services Limited (the 'company') is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is The Light Box, Quorum Business Park, Benton Lane, Newcastle upon Tyne, Tyne and Wear, NE12 8EU.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

Reduced disclosures

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, and
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Connect Health Group Limited. These consolidated financial statements are available from its registered office, The Light Box, Quorum Business Park, Benton Lane, Newcastle upon Tyne, NE12 8EU.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business.

Turnover represents sales of services rendered during the year. Turnover is attributable to the continuing principal activity of the company and arose wholly within the United Kingdom. In the opinion of directors, the company does not service substantially different markets and therefore no analysis of turnover is necessary. For services provided, turnover is recognised when there is a right to consideration. In respect of the contracts for ongoing services, turnover represents the value of work done in the year, including estimates of amounts not invoiced and is recognised by reference to the stage of completion.

CONNECT HEALTH PAIN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	5 years straight line
----------	-----------------------

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	over the term of the lease
Plant and equipment	1 - 10 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances and amounts owed by group undertakings, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

CONNECT HEALTH PAIN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

CONNECT HEALTH PAIN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

CONNECT HEALTH PAIN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2022 £'000	2021 £'000
Turnover analysed by class of business		
Provision of physiotherapy and pain services	11,213	7,568

The company's turnover is derived from the rendering of services as a single category of income wholly undertaken in the United Kingdom.

4 Exceptional item

	2022 £'000	2021 £'000
Expenditure		
Exceptional costs	-	913

The exceptional costs in the prior year related to costs incurred as part of the acquisition of the company.

CONNECT HEALTH PAIN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Operations	157	136

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	5,292	3,846
Social security costs	388	204
Pension costs	175	85
	5,855	4,135

The directors of this company are remunerated by another group company and their emoluments are shown in Connect Health Group Limited consolidated accounts.

6 Operating profit

	2022 £'000	2021 £'000
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	15	23
Depreciation of owned tangible fixed assets	126	138
Amortisation of intangible assets	7	5
Operating lease charges	34	970

7 Auditor's remuneration

	2022 £'000	2021 £'000
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	15	23

8 Taxation

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the current period	351	260
Adjustments in respect of prior periods	(230)	(1)
Total current tax	121	259

CONNECT HEALTH PAIN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

8 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	44	(21)
	<u> </u>	<u> </u>
Total tax charge	165	238
	<u> </u>	<u> </u>

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2022 £'000	2021 £'000
Profit before taxation	2,560	135
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	486	26
Tax effect of expenses that are not deductible in determining taxable profit	19	218
Adjustments in respect of prior years	(230)	-
Group relief	(110)	-
Fixed asset differences	(16)	1
Remeasurement of deferred tax	8	(7)
Movement in deferred tax not recognised	10	-
Income not taxable for tax purposes	(2)	-
	<u> </u>	<u> </u>
Taxation charge for the year	165	238
	<u> </u>	<u> </u>

9 Dividends

	2022 £'000	2021 £'000
Final paid	-	990
	<u> </u>	<u> </u>

CONNECT HEALTH PAIN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

10 Intangible fixed assets

	Software £'000
Cost	
At 1 July 2021 and 30 June 2022	33
Amortisation and impairment	
At 1 July 2021	8
Amortisation charged for the year	7
At 30 June 2022	15
Carrying amount	
At 30 June 2022	18
At 30 June 2021	25

11 Tangible fixed assets

	Leasehold improvements £'000	Assets under construction £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 July 2021	176	4	1,195	1,375
Additions	-	-	189	189
Transfers	-	(4)	4	-
At 30 June 2022	176	-	1,388	1,564
Depreciation and impairment				
At 1 July 2021	133	-	831	964
Depreciation charged in the year	43	-	83	126
At 30 June 2022	176	-	914	1,090
Carrying amount				
At 30 June 2022	-	-	474	474
At 30 June 2021	43	4	364	411

CONNECT HEALTH PAIN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

12 Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade debtors	934	1,845
Corporation tax recoverable	20	-
Amounts owed by group undertakings	626	142
Other debtors	18	12
Prepayments and accrued income	842	845
	<u>2,440</u>	<u>2,844</u>
Deferred tax asset (note 15)	-	29
	<u>2,440</u>	<u>2,873</u>

13 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	154	337
Amounts owed to group undertakings	162	230
Corporation tax	-	386
Other taxation and social security	139	147
Other creditors	70	12
Accruals and deferred income	1,372	1,791
	<u>1,897</u>	<u>2,903</u>

14 Provisions for liabilities

	Notes	2022 £'000	2021 £'000
Deferred tax liabilities	15	15	-

15 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2022 £'000	Liabilities 2021 £'000	Assets 2022 £'000	Assets 2021 £'000
Balances:				
Accelerated capital allowances	17	-	-	26
Short term timing differences	(2)	-	-	3
	<u>15</u>	<u>-</u>	<u>-</u>	<u>29</u>

CONNECT HEALTH PAIN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

15 Deferred taxation (Continued)

	2022 £'000
Movements in the year:	
Asset at 1 July 2021	(29)
Charge to profit or loss	44
	<u>15</u>
Liability at 30 June 2022	<u>15</u>

16 Retirement benefit schemes

	2022 £'000	2021 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	175	85
	<u>175</u>	<u>85</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end the company owed £40k to the scheme, included in other creditors (2021 £10k).

17 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Ordinary shares of £1 each	45	45	45	45
	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>

The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

18 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

Other reserve - capital contribution reserve:

Cumulative capital contributions from owners.

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £'000	2021 £'000
Within one year	11	19
	<u>11</u>	<u>19</u>

CONNECT HEALTH PAIN SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

20 Ultimate controlling party

The immediate parent company is Connect Health Pain Services Holdings Limited, a company incorporated in England and Wales.

Connect Health Group Limited, a company incorporated in England and Wales, heads the smallest and largest group for which consolidated accounts incorporating the results of the company. Its registered office is The Light Box, Quorum Business Park, Newcastle upon Tyne, Tyne and Wear, NE12 8EU.