Registration number: 12250218

Practice Plus Group Topco Limited

(formerly Care UK Health Care Topco Limited)

Annual Report and Consolidated Financial Statements

for the Period from 8 October 2019 to 30 September 2020

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Company Information

Directors	James Easton David Stickland Michael Parish Philip Whitecross Jonathan Calow Jamie Wyatt Rob Moores
Company secretary	Jonathan Calow
Registered office	Hawker House 5-6 Napier Court Napier Road Reading Berkshire RG1 8BW
Auditor	KPMG LLP Chartered Accountants, Registered Auditors Regus, 4th Floor Salt Quay House 6 North East Quay Plymouth PL4 0HP

Strategic Report for the period from 8 October 2019 to 30 September 2020

The Directors present their Strategic Report, Directors' Report and Financial Statements for the period from 8 October 2019 to 30 September 2020.

Our Group

The standalone Practice Plus Group was formed on 25th October 2019 when Care UK Limited sold its shares in Practice Plus Group Holdings Limited (formerly Care UK Healthcare Holdings Limited) to Practice Plus Bidco Limited (formerly Care UK Healthcare Bidco) Limited. The Group was previously known as Care UK Healthcare until the rebrand which took effect from 1st October 2020. Today our healthcare services include treatment centres, GP practices, NHS walk-in centres, GP out-of-hours, prison health services and clinical assessment and diagnostics facilities.

We work with the NHS to take healthcare services closer to where people live and work - increasing the efficiency and quality of the services we deliver and helping to reduce waiting times.

We assess, diagnose and treat more than one million NHS patients every year, providing services which are free at the point of use. In 2011 our treatment centres ranked first in an independent national rating of the best performing hospitals for both knee and hip replacement operations.

Whatever type of care or treatment you and your family need, we have the professionals and the facilities to give you the very highest quality support, where and when you need it.

Principal activity
The principal activity of the Group is the provision of healthcare services, principally to the public sector with an increased private sector offering in the field of elective surgery.

Review of the business
The Group has had a good performance this period despite the operational challenges that the COVID-19 pandemic has created. The table below shows the key performance indicators for the Group's services for the period since the Group acquired these services on the 25th October 2019:

The analysis of the Group's key financial indicators for the period by service is as follows:

	Revenue	**EBITDA**
	2020	**2020**
Group	**£ 000**	**£ 000**
Secondary Care	130,537	11,496
Health in Justice	143,590	15,171
Integrated Urgent Care	69,573	464
Central Services	-	(5,572)
Eliminations	(200)	-
	343,500	21,559

EBITDA is the Group's key profitability metric. It is the operating profit/(loss) for the period, adjusted for non-recurring items, depreciation, amortisation and any impairment.

Strategic Report for the period from 8 October 2019 to 30 September 2020 (continued)

Secondary Care

In partnership with local NHS trusts and commissioners, the Secondary Care service operates treatment centres and provides diagnostics to clinical assessment and treatment services (CATS). NHS treatment centres provide prompt assessment, diagnosis and treatment to over 80,000 NHS patients in a normal year. Treatment centres offer a range of diagnostic, as well as inpatient and outpatient services for patients who need surgical treatment. The treatment centres cover a range of specialties, including orthopaedics, endoscopy, urology, gynaecology, ophthalmology, oral and general surgery. Most centres also offer diagnostic imaging, such as X-rays and MRI, CT and Ultrasound scans.

The COVID-19 pandemic and response created a year of two distinct halves for Secondary Care with massive commercial, operational and clinical differences. The business had performed very strongly October to February, gaining significant momentum on Self Pay and securing new NHS work. The COVID-19 pandemic required us to re-engineer our operational and clinical models as we moved into a block contract arrangement with the NHS across our treatment centres on a cost price basis.

The key performance indicators for the Secondary Care services were as follows:

	30 September 2020
Secondary Care revenue £'000	130,537
Secondary Care EBITDA £'000	11,496
Secondary Care procedures	47,315

Health in Justice

The Group is the largest provider of healthcare services to prisons and secure facilities, operating at 42 different sites with services ranging from reception health checks and regular GP services, to help with substance misuse, chronic or long term conditions, podiatry, physiotherapy and optometry. We collaborate with commissioning bodies to assess the needs of each establishment. The Group works towards improved outcomes, reduced waiting times and frontline healthcare for prisoners.

We continue to invest in our services both in terms of technologies and staffing. We are in the middle of a programme of rolling out 13 new meds dispensing machines across our sites and we began a university accredited course on healthcare in the prison sector for our staff . We have also embarked on a 3 year project to eliminate Hepatitis C from the prison estate with some good early successes in test sites. Prison reforms continue to impact our sites but with the development of a new 'Early Days' operational model we are well placed to adapt to these changes as they occur.

The period was successful for Health in Justice contract negotiations with four new contracts won which offset the loss of Feltham. A number of contract extensions were also achieved in
Staffordshire & Worcestershire, Thames Valley and Derbyshire.

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

	30 September 2020
Health in Justice revenue £'000	143,590
Health in Justice EBITDA £'000	15,171
Health in Justice prison population at 30/9/20	30,162

Urgent Care

The Integrated Urgent Care service is the provision of the NHS 111 service and out of hours (OOH) GP and nursing services and GP practices in England. The strategy is to expand geographic spread and market share in both service lines at the desired levels of service quality, innovation and financial return. We hold circa 15% of the NHS 111 market and circa 10% of the estimated market for out of hours services.

Our Integrated Urgent Care services, particularly 111 were at the forefront of the UK's fight against the COVID-19 pandemic which has led to improvements in the price point of a number of our 111 contracts. This combined with a review of overheads has led to a promising financial result for these services. Additionally three out of hours contracts have been extended for a further two years with pricing and efficiency factors successfully negotiated.

The key performance indicators for the Urgent Care service were as follows:

	30 September 2020
Integrated Urgent Care revenue £'000	69,573
Integrated Urgent Care EBITDA £'000	464
Integrated Urgent Care 111 calls answered	1,681,673
Integrated Urgent Care: OOH patient interactions	387,882

New Services

The Group continues to develop its new service relating to the wearable technology that can assist with the detection of health issues in the wearer including falls. However due to uncertainties relating to the route to market, the Group has impaired its fixed assets relating to this cash generating unit as at 30th September 2020. This has resulted in an impairment of £3.8m

The key performance indicators relating to New Services for the period are as follows:

	30 September 2020
New Services: Capex £'000	345

Net debt and cash flow

The purchase of Practice Plus Group Holdings Limited on 25th October was funded by £115.6m of equity and £96.6m of loans from Practice Plus Group Midco 1 Limited. At 30th September 2020, the net debt for the Group was £76.6m, comprising cash of £26.3m, offsetting loans to parent company of £102.9m. See note 28 for a reconciliation of movements in net debt.

The Group manages its net debt through focusing on its liquidity which includes cash, and the undrawn amount of the Revolving Credit Facility. A summary of the the Group net debt position at 30 September 2020 is below:

The components of the Group's liquidity for the period is as follows:

Group	**2020** **£ 000**
Cash and short-term deposits	26,342
Undrawn Revolving Credit Facility	20,000
Restricted cash	(2,000)
	44,342

The Group generated £18.4m of positive net cash during the period, excluding the £7.9m of cash held by the Healthcare group at point of acquisition.

On the 25th October 2019, the Group entered into a £10m revolving credit facility ("RCF"). The RCF attracts interest at LIBOR +2.5% and has a maturity of 25th October 2022. The RCF attracts a financial covenant of £10m minimum consolidated EBITDA, alongside the requirement to supply the lenders with certain financial information within specific deadlines. The RCF is guaranteed on the assets of material subsidiaries of the Group which is defined as all subsidiaries which contribute more than 5% of EBITDA.

Following the COVID-19 pandemic which impacted globally from March this year, the Group took precautionary steps to increase its liquidity given the uncertainties in the market. The RCF was extended by another £10m for a period of two years from agreed changes and the £10m EBITDA financial covenant was waived to the period ending 31st December 2021. A new financial covenant was put in place which stipulates the Group must maintain a £2m cash reserve.

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 Group are set out below:

Market risk

The main risk faced by the business is the impact of the many challenges facing our primary customer, the NHS, and the political appetite to allow private providers to offer NHS services. These factors can have a direct impact on the number of referrals we receive for our elective surgery and Diagnostics/CATS 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.

COVID-19 risk

The COVID-19 pandemic has led to changes in the Hospitals business. In March 2020, the Group has became part of the NHS response to the COVID crisis as a strategic partner under a new central NHS England contract. Care UK will continue to support the NHS as required and appropriate with regard to the COVID response, however this will impact on the operations of the Group, particularly relating to the Secondary Care service given the uncertainty around the timing of returning to previous contractual arrangements.

Regulatory risk

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

Liquidity risk

The Group has access to a Revolving Credit Facility which is available to manage any working capital requirements. A policy of prudent liquidity risk management is applied with detailed cashflow forecasts prepared on a weekly basis to ensure sufficient liquidity headroom is managed. There are covenants relating to this facility which the Group must adhere to, which is managed by careful cashflow planning and monitoring of all compliance deadlines and ensuring a good working relationship with our bankers.

Inflation risk

The Group is exposed to general and industry specific wage inflation pressures, including legislative changes concerning the minimum wage, national living wage and apprenticeship levy. In addition, the impact of Brexit on sterling has resulted in a number of price increases for the medical consumables and pharmacy items utilised in the provision of our services. This is mitigated by careful cost control and inflationary increases in customer contracts where possible.

Credit risk

Credit exposures in relation to customers is limited given that the majority of the Group’s revenue is attributable to publicly funded entities such as Clinical Commissioning Groups and other NHS funded bodies. The Group has no significant concentrations of credit risk and consequently provision for bad debts is low and is not considered to be a risk.

Section 172(1) statement
The Board of Directors are responsible for making key decisions, supported by the senior leadership team. All decisions are assessed against the Group's values to ensure all financial and non financial impacts are assessed and considered as part of the decision-making process.

The Directors recognise that our employees are our key asset and that recruitment and retention of skilled staff is vital to the continuing success of our business. We offer a broad range of services which ensure staff have the opportunity to progress across our services and specialties. We offer a flexible work/life balance with an array of education, training and development opportunities to help develop our staff. We carry out annual employee engagement surveys to ensure that we continue to understand and act in the best interest of our employees.

We are committed to providing consistent, high quality service to local communities and regularly engage with our patients and service users to ask for their feedback. We use this feedback to develop robust action plans to ensure we have a programme of continuous improvement. We encourage openness and the honest reporting of any issues and, in the event of any performance or service shortcomings, we ensure a full and open review is carried out and shared widely.

We understand that as a Group we impact directly on the communities in which we operate and therefore we ensure all of our decision-making is supported by analysis of impacts both internal to our organisation and external. We are constantly striving to find more energy efficient ways to deliver our services.

The Group is committed to supporting research and investing in social initiatives and charitable organisations which support wellbeing. Our colleagues regularly extend their care for others beyond their day job and out into their own communities through a range of fundraising activities. We are delighted to reward and acknowledge their efforts through our Working with the Community Fund which provides matched funding up to £1,000 per application.

Our commitment as a provider of healthcare has always been to best quality, best practice and best outcomes in everything we do. This belief guides corporate culture and behaviours to ensure the highest possible standards of conduct. The Group has implemented a number of policies to ensure compliance.

It is our policy to conduct all of our business in an honest and ethical way. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate.

The requirement to comply with Healthcare’s internal policies forms part of an individual’s terms of employment and there are processes available to deal with instances of non-compliance. Healthcare believes these policies operate effectively and also recognises the importance of robust processes to mitigate against both the likelihood and the impact of risks crystallising. See the Strategic report for further details on the risks that Healthcare faces.

Engagement with suppliers, customers and other relationships
The Group does not follow a specific code or statement on payment practice. However, it is the Group’s policy to pay its suppliers in accordance with the payment terms agreed at the outset of the relationship providing the supplier adheres to its obligations.

Corporate governance

The Directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity and also with the Wates Principles.

Wates Principles

Purpose and Leadership

The Practice Plus Group vision is to 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

This vision and these values inform expected behaviours and practices throughout the organisation. They are integrated into the different functions and operations of the business. This includes medical governance, internal assurance, employment practices, risk management and compliance frameworks. The Board, shareholders and management are committed to embedding this culture throughout the organisation. This is effectively monitored through patient feedback, employee surveys, CQC feedback and all the wider NHS accreditation and monitoring mechanisms.

The Board has built a strategy and business model to generate long-term sustainable value. Practice Plus Group is a diversified Health Care organisation and each discrete business unit or service line has its own strategy, which is regularly reviewed and validated. The Board is responsible for ensuring that the strategy is clearly articulated and implemented throughout the organisation, and that it, along with the company values, supports appropriate behaviours and practices. The Board has lead on the establishment of transparent policies in relation to raising concerns about misconduct and unethical practices. The Board manages conflicts of interest and a balance is struck between short-term targets or needs, and long-term aspirations.

Board Composition

The chair, who is an independent non-executive, leads the Board and is responsible for its overall effectiveness, promoting open debate and facilitating constructive challenge and discussion. The board comprises six individuals, four of whom are non-executive and two executives, the CEO and CFO. Two of the non-executives represent the majority shareholder. The board has the appropriate combination of skills, backgrounds, experience and knowledge that promotes accountability and incorporates objective thought. It provides constructive challenge to achieve effective decision-making.

Director responsibilities
The board has established and maintains corporate governance practices that provide clear lines of accountability and responsibility to support effective decision-making. The company has set out, in its Delegation of Authority Matrix, the policies and practices that govern the internal affairs of the company. The board's policies and procedures support effective decision-making and independent challenge.

Full Board meetings are held monthly and the following sub-committees are in place:
• The Audit and Risk Committee,
• The Remuneration Committee and
• The Medical Governance Committee

They are all chaired by Non-executives and meet as required. The terms of each committee are set out in the Delegation of Authorities Matrix, including authorities delegated to it. The board retains responsibility for all final decisions.

The authority, accountability, role and conduct of directors is clear. Directors are aware of potential conflicts and have a process to identify and manage this risk. The Directors act in the ways they consider, in good faith, are most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to:

(a) The likely consequences of any decision in the long term;
(b) The interests of the company's employees;
(c) The need to foster the company's business relationships with suppliers, customers and others;
(d) The impact of the company's operations on the community and the environment;
(e) The desirability of the company maintaining a reputation for high standards of business conduct; and
(f) The need to act fairly as between members of the company'

The chair and the company secretary periodically review the governance processes to confirm that they remain fit for purpose. They consider any initiatives which could strengthen the governance of the company.

Opportunity and risk
The Board regularly considers and assess how the company creates and preserves value over the long-term. This includes both tangible and intangible sources of value, and the stakeholders that contribute to it. New business opportunities are considered and approved at board level.

The Board has responsibility for the organisation's overall approach to strategic decision-making and effective risk management (financial and non-financial), including reputational risk. This requires oversight of risk and how it is managed, and appropriate accountability to stakeholders. The Board has established an internal control framework and systems that are in place to manage and mitigate both emerging and principal risks. There is frequent risk reporting and clear points at which decisions are made and escalated. Risk is principally managed through the Medical Governance and Audit and Risk sub committees and responsibilities include:

• developing appropriate risk management systems that identify emerging and established risks facing the company and its stakeholders;
• determining the nature and extent of the principal risks faced and those risks which the organisation is willing to take in achieving its strategic objectives (determining its 'risk appetite');
• agreeing how the principal risks should be managed or mitigated and over what timeframe to reduce the likelihood of their incidence or the magnitude of their impact;
• establishing clear internal and external communication channels on the identification of risk factors, both internally and externally; and
• agreeing a monitoring and review process.

Remuneration
The Board has established executive remuneration structures that are aligned with performance, behaviours, and the achievement of company purpose, values and strategy and the delivery of long-term sustainable success. This takes account of the broader operating context, including the pay and conditions of the wider workforce and the company's response to matters such as any gender pay gap.

Remuneration decisions have been delegated to the Remuneration Committee, which is chaired by a non-executive director. It is responsible for designing remuneration policies and structures for directors, senior management and the organisation as a whole.

Stakeholder relationships
Directors foster effective stakeholder relationships aligned to the Group's purpose. The Board oversees meaningful engagement with stakeholders and has regard to their views when taking decisions. Stakeholders include the workforce, customers and suppliers, regulators, the NHS, pensioners, creditors and community groups.

Company employees
The Group is an equal opportunities employer and we welcome applications from every sector of the community. It is our policy that people with disabilities should have full and fair consideration for all vacancies, and where necessary we will make reasonable adjustments to ensure that this happens. During the period, the Group continued to demonstrate our commitment to interviewing those people with disabilities who fulfil the minimum criteria, and endeavouring to retain employees in the workforce if they become disabled during employment. We depend on the skills and commitment of our employees to maintain a successful and vibrant organisation. Our training meets not only statutory and mandatory standards, but we also ensure that we cover our customer service objectives and our values programme fulfilling lives.

The Group's selection, training, development and promotion policies ensure equal opportunities for all employees regardless of factors such as gender, marital status, race, age, sexual preference and orientation or ethnic origin. All decisions are based on merit and we believe that to be truly successful we must reflect the diversity of the communities that we serve. Internal communications are designed to ensure that employees are well informed about the business of the company, and we undertake an annual employee survey to understand the opinions of all our people.

It is Group policy to give fair consideration to the employment needs of disabled people to comply with current legislation with regard to disabled persons and, wherever practicable, to continue to employ and promote the careers of existing employees, who become disabled and to consider disabled persons for employment, subsequent training, career development and promotion on the basis of their aptitude and abilities.

Strategic Report for the period from 8 October 2019 to 30 September 2020 (continued)

Respect for human rights

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

Anti-corruption and anti-bribery matters

It is our policy to conduct all of our business in an honest and ethical way. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate.

The requirement to comply with Healthcare's internal policies forms part of an individual's terms of employment and there are processes available to deal with instances of non-compliance. Healthcare believes these policies operate effectively and also recognises the importance of robust processes to mitigate against both the likelihood and the impact of risks crystallising. See the Strategic report for further details on the risks that Healthcare faces.

Approved by the Board on 3 February 2021 and signed on its behalf by:

....
David Stickland
Director

Directors' Report for the Period from 8 October 2019 to 30 September 2020

The Directors present their Directors' report and the for the period from 8 October 2019 to 30 September 2020.

Incorporation
The Company was incorporated on 8 October 2019.

Change of company name
The Company changed its name from Care UK Health Care Topco Limited to Practice Plus Group Topco Limited effective from 2 October 2020.

Directors of the Group
The Directors who held office during the period were as follows:

James Easton (appointed 8 October 2019)

David Stickland (appointed 25 November 2019)

Michael Parish (appointed 8 October 2019)

Philip Whitecross (appointed 8 October 2019)

Jonathan Calow (appointed 8 October 2019)

Jamie Wyatt (appointed 8 October 2019)

Rob Moores (appointed 8 October 2019)

Jim Easton: Chief Executive Officer

• Joined Practice Plus Group (formerly Care UK) in February 2013.
• Previously was National Director of Improvement and Efficiency at the Department of Health. Led the national Quality, Innovation, Productivity and Prevention (QIPP) project that works across the NHS to improve both quality and efficiency.
• Was also Chief Executive of the NHS South Central Strategic Health Authority, and Chief Executive Officer of York Hospitals NHS Foundation Trust.
• More than 30 years' experience in the NHS, with experience in primary care, mental health, healthcare commissioning and policy development.

David Stickland: Chief Finance Officer

• Joined Practice Plus Group in 2019.
• Has sat on Boards as a CFO for the last 15 years, working in Outsourced Business Services, Transportation and Information Technology industries.
• Strong commercial edge and focused on driving profitable growth and delivering stakeholder expectations.

Jonathan Calow: Director and Company Secretary
• General Counsel for Practice Plus Group

Rob Moores and Jamie Wyatt are non executive Directors representing the majority shareholder.

Michael Parish and Philip Whitecross are also non executive Directors albeit they were both executive Directors of the Healthcare division prior to October 2019 and have a vast knowledge and experience of the activities of the Group.

Dividends
No dividends will be distributed for the period ended 30 September 2020.

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

Financial instruments

Objectives and policies

The Group's activities and debt financing expose it to a variety of financial risks, the most significant of which are market risk (cash flow interest rate risk and price risk), credit risk and liquidity risk (changes in the debt market). The Group's overall risk management strategy seeks to minimise potential adverse impacts on the Group's financial performance.

Price risk, credit risk, liquidity risk and cash flow risk

(a) Cash flow interest rate risk
The acquisition of the Practice Plus Group (formerly Care UK Healthcare divison) in October 2019 was partially financed by a £100m loan from Practice Plus Group Midco 1 Limited, a parent company with a revolving credit facility of £10m put in place at the time (and subsequently increased to £20m). The new financing arrangements expose the Group to interest rate risk on the revolving credit facility based on LIBOR plus a fixed margin. There is no interest rate risk associated with the parent company loan which bears interest at a fixed percentage . The RCF is undrawn at 30 September 2020 and therefore any change in LIBOR rate is expected to have an insignificant impact on future interest rate costs.

(b) Price risk
The Group is not exposed to commodity price risk but as a provider of services is subject to both general and industry specific wage pressures, including legislative changes concerning the minimum wage level. Many of the contracts with Clinical Commissioning Groups and other NHS funded bodies are also subject to annual price review albeit there is a risk that inflation on costs excesseds any increase in revenue.

(c) Credit risk
Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, with deposits only made with A rated institutions . Credit exposures in relation to customers is limited given that the majority of the Group's revenue is attributable to publicly funded entities such as Clinical Commissioning Groups and other NHS funded bodies. The Group has no significant concentrations of credit risk and consequently provision for bad debts is low and is not considered to be a risk.

(d) Liquidity risk
The Group has access to a revolving credit facility which is available to manage any working capital requirements. A policy of prudent liquidity risk management is applied with detailed cashflow forecasts prepared on a weekly basis to ensure sufficient liquidity headroom is managed. There are covenants relating to this facility which the Group must adhere to which is managed by careful cashflow planning and monitoring of all compliance deadlines and ensuring a good working relationship with our bankers.

Corporate governance
The corporate governance statement has been included within the Strategic Report due to its strategic importance.

Gender diversity
The following table shows the gender diversity relating to our workforce during the period:

Group	**Male %**	**Female %**
Board of Directors	100	-
Senior management	57	43
Other employees	24	76

Employment of disabled persons
The Group is an equal opportunities employer and we welcome applications from every sector of the community. It is our policy that people with disabilities should have full and fair consideration for all vacancies, and where necessary we will make reasonable adjustments to ensure that this happens. During the period, the Group continued to demonstrate its commitment to interviewing those people with disabilities who fulfil the minimum criteria, and endeavouring to retain employees in the workforce if they become disabled during employment.

We depend on the skills and commitment of our employees to maintain a successful and vibrant organisation. Our training meets not only statutory and mandatory standards, but we also ensure that we cover our customer service objectives and our values programme fulfilling lives.

Employee involvement
The Group's selection, training, development and promotion policies ensure equal opportunities for all employees regardless of factors such as gender, marital status, race, age, sexual preference and orientation or ethnic origin. All decisions are based on merit and we believe that to be truly successful we must reflect the diversity of the communities that we serve. Internal communications are designed to ensure that employees are well informed about the business of the Group, and we undertake an annual employee survey to understand the opinions of all our people. The Group has an Equality, Divesity and Inclusion steering group to ensure appropriate divisional wide promotion and initiatives are undertaken in relation to Equality, Diversity and Inclusion from both a service delivery and workforce perspective, and also ensure compliance with appropriate legislative and governance frameworks.

Environmental matters

Energy efficiency actions taken during the period
As described elsewhere in this report, from March ‘20, the roup had to completely refocus all activity to support the NHS COVID- 19 requirements and this included re focusing effort that we planned to put into increasing our energy efficiency. That said, we have continued to improve our energy efficiency through our ‘business-as-usual’ facilities maintenance policy. This stipulates that when an energy consuming asset needs replacing we install the most energy efficient solution within the constraints of the relevant HTM specification. So, for example, we continued to replace CFL lamps with LED lamps and fixed speed motors with variable speed motors. We also continue to refine our BMS control strategies to minimise utility use.

Although COVID-19 hampered our energy efficiency activity this year we have three significant initiatives lined up for next year. The first is that we are modifying our outsourced maintenance arrangements to improve the incentive to improve our energy efficiency - within the constraints of patient and staff welfare and compliance with the relevant HTM specifications. The second initiative is that the ESOS Report we produced has provided a raft of opportunities that we will be reviewing in detail and implementing where feasible. The third is the review of a potential for re-roofing for a sample location with Solar PV that would provide carbon free energy for the hospitals to use.

Emissions and energy consumption
Streamlined Energy and Carbon Reporting (“SECR”) Methodology

Energy consumption and emissions: Our annualised consumption was collected using the energy bills from our suppliers except for two hospitals where we pay for the energy via the service charge. In these cases the service charge costs were converted to kWh using the average cost per kWh for the utilities we purchase directly from our suppliers. The emissions were calculated from the kWh using the 2020 conversion factors published on the government’s SECR website.

Transport and business travel emissions: We do not directly purchase any fuel for transport. The business travel mileage was collected from the employee expenses claim system. The related emissions were calculated from the miles using the conversion factors published on the government’s SECR website.

Summary of greenhouse annualised gas emissions and energy consumption for the period from 8 October 2019 to 30 September 2020:

Name and	Metric	Financial
Emissions from combustion of gas	tCO2e	3,296
Emissions from combustion of fuel for transport purposes	tCO2e	0
Energy consumption used to calculate emissions	kWH	27,363,231
Emissions from business travel	tCO2e	435
Emissions from purchased electricity	tCO2e	2,201
Total gross emissions	tCO2e	5,931
Intensity ratio	kgCO2e per £1k Hospital revenue	40.7

Intensity ratio

Hospital emissions per £1000 of revenue
• In selecting the intensity factor that would give the best indication of our energy efficiency overall it was noted that i) 90% of our emissions are from gas and electricity, and ii) 95% of our gas and electricity is used by the 9 hospitals. Therefore we decided that the most representative intensity factor for the business as a whole would be one that normalised the emissions from the hospitals. We also decided that the simplest measure of their output is the sum of their revenue. Therefore the intensity metric we chose for the Group is “Hospital emissions per £1,000 of annualised Hospital revenue”.

During the period from 8 October 2019 to 30 September 2020 this was 40.70% It should be noted that, unfortunately, the current year Intensity factor will not be comparable to prior periods because of the exceptional change of use of the hospitals arising from COVID-19. Nonetheless it was agreed we should continue with this measure because it covers 85% of our emissions with a single output based measure and it will provide a good indication of our progress towards a greener business from next year.

Social and community issues
Key social and community issues for us include enabling more disadvantaged members to have access to our expertise and to our services, as well as considering how we can have a positive impact on our local social and business community. The ways in which we can achieve this include the following:

• Participating in the Department of Health’s initiative to establish primary and other care (GP) services in under-doctored areas e.g. the Equitable Access scheme and urban walk in centres.
• Employee participation in local community help schemes
• Employee participation in national charity fundraising events
• ‘Matched Funding - Working in The Community’ scheme, whereby every year, hundreds of employees take part in fundraising for their favourite charities.
• ‘Give as You Earn’ (GAYE) payroll charity donations.
• Annual fund raising events in our main offices (e.g. the BBC ‘Children in Need’ appeal).

Future developments
The Group continues to seek to grow its presence in the elective surgery sector along with its CATs & Diagnostic services. The main focus of this growth remains contracts with the NHS and CCGs but other opportunities are also assessed if they align with our current strengths or can be delivered using existing staff and infrastructure. This includes procedures under a private pay arrangement and procedures carried out under health insurance.

Directors' Report for the Period from 8 October 2019 to 30 September 2020 (continued)

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

• At 30 September 2020, the Group has significant levels of liquidity with a strong cash position of £26.3m and access to a further £20.0m of RCF facilities which is 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.

• Although COVID-19 has had an impact on the Group's performance during the year ended 30 September 2020, this impact has been relatively limited to the Secondary Care service line. As consideration of the impact of COVID-19 on the going concern basis, 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 the financial statements using a range of scenarios around the timing of the end of the NHS block contract, and how quickly the Hospital service can return to pre COVID-19 levels of activity. Even under the most pessimistic scenario, the Group has sufficient resources and liquidity to be able to continue to trade for the foreseeable future.

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
So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all the 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.

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 3 February 2021 and signed on its behalf by:

....
David Stickland
Director

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial period. Under that law they have elected to prepare both the Group and the parent Company financial statements in accordance with UK accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 their 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 liqiudate the Group and 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 Group and the parent 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 responsible for such internal control as they determine is necessary ro enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

Opinion
We have audited the financial statements of Practice Plus Group Topco Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period from 8 October 2019 (the date of incorporation) to 30 September 2020, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, 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 Group's and the parent Company's affairs as at 30 September 2020 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 responsbilities 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 the 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 for the financial period 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 Statement of Directors' Responsibilities [set out on page 18], 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 these financial statements.

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

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

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

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

....

Ian Brokenshire (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Regus, 4th Floor
Salt Quay House
6 North East Quay
Plymouth
PL4 0HP

3 February 2021

Consolidated Profit and Loss Account for the Period from 8 October 2019 to 30 September 2020

	Note	2020 £ 000
Turnover	3	343,500
Cost of sales		(253,942)
Gross profit		89,558
Administrative expenses		(118,046)
Operating loss	4	(28,488)
Other interest receivable and similar income	6	24
Interest payable and similar expenses	7	(3,114)
Loss before tax		(31,578)
Tax on loss	11	(559)
Loss for the financial period		(32,137)

The notes on pages 30 to 62 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income
for the Period from 8 October 2019 to 30 September 2020

	Note	2020 £ 000
Loss for the period		(32,137)
Remeasurement gain/loss on defined benefit pension schemes before tax		23
Income tax effect	11	(4)
		19
Total comprehensive income for the period		(32,118)
Total comprehensive income attributable to:		
Owners of the company		(32,118)

The notes on pages 30 to 62 form an integral part of these financial statements.

Consolidated Balance Sheet
as at 30 September 2020

	Note	2020 £ 000
Fixed assets		
Intangible assets	12	211,436
Tangible assets	13	18,305
		229,741
Current assets		
Stocks	16	909
Debtors	17	13,383
Cash at bank and in hand	18	26,342
		40,634
Creditors: Amounts falling due within one year	19	(66,261)
Net current liabilities		(25,627)
Total assets less current liabilities		204,114
Creditors: Amounts falling due after more than one year	19	(102,405)
Provisions for liabilities	20	(16,854)
Net assets excluding pension liability		84,855
Defined benefit pension liability	21	(282)
Net assets		84,573
Capital and reserves		
Called up share capital	22	115,764
Share premium	23	927
Profit and loss account		(32,118)
Shareholders' funds		84,573

Approved and authorised by the Board on 3 February 2021 and signed on its behalf by:

....

David Stickland
Director

The notes on pages 30 to 62 form an integral part of these financial statements.

Company Balance Sheet as at 30 September 2020

	Note	2020 £ 000
Fixed assets		
Investments in subsidiary undertakings	14	115,600
Current assets		
Debtors	17	1,113
Creditors: Amounts falling due within one year	19	(4)
Net current assets		1,109
Net assets		116,709
Capital and reserves		
Called up share capital	22	115,764
Share premium	22	927
Profit and loss account		18
Shareholders' funds		116,709

Approved and authorised by the Board on 3 February 2021 and signed on its behalf by:

....

David Stickland
Director

The notes on pages 30 to 62 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the Period from 8 October 2019 to 30 September 2020

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 8 October 2019	-	-	-	-
Loss for the period	-	-	(32,137)	(32,137)
Other comprehensive income	-	-	19	19
Total comprehensive income	-	-	(32,118)	(32,118)
New share capital subscribed	115,764	927	-	116,691
At 30 September 2020	115,764	927	(32,118)	84,573

The notes on pages 30 to 62 form an integral part of these financial statements.

Company Statement of Changes in Equity
for the Period from 8 October 2019 to 30 September 2020

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 8 October 2019	-	-	-	-
Profit for the period	-	-	18	18
Total comprehensive income	-	-	18	18
New share capital subscribed	115,764	927	-	116,691
At 30 September 2020	115,764	927	18	116,709

The notes on pages 30 to 62 form an integral part of these financial statements.

Consolidated Statement of Cash Flows for the Period from 8 October 2019 to 30 September 2020

	Note	2020 £ 000
Cash flows from operating activities		
Loss for the period		(32,137)
Adjustments to cash flows from non-cash items		
Depreciation and amortisation	4	29,170
Impairment		17,767
Profit on disposal of tangible assets		(32)
Net financing costs	6	3,090
Income tax expense	11	559
		18,417
Decrease in stocks	16	950
Decrease in trade debtors	17	12,830
Decrease in trade creditors	19	(3,340)
Decrease in retirement benefit obligation net of actuarial changes	21	(82)
Decrease in provisions	20	(455)
Cash generated from operations		28,320
Income taxes paid	11	(2,830)
Net cash flow from operating activities		25,490
Cash flows from investing activities		
Interest received		24
Net cash inflow on business combination		7,899
Proceeds from sale of tangible assets		145
Buy out of joint operation	12	(3,077)
Acquisition of tangible assets		(7,921)
Net cash flows from investing activities		(2,930)
Cash flows from financing activities		
Interest paid	7	(370)
Proceeds from issue of ordinary shares, net of issue costs		1,091
Revolving credit facility issue fees		(339)
Loans from related parties		3,400
Net cash flows from financing activities		3,782
Net increase in cash and cash equivalents		26,342
Cash and cash equivalents at 8 October		-
Cash and cash equivalents at 30 September		26,342

The notes on pages 30 to 62 form an integral part of these financial statements.

Company Statement of Cash Flows
for the Period from 8 October 2019 to 30 September 2020

	Note	2020 £ 000
Cash flows from operating activities		
Profit for the period		18
Adjustments to cash flows from non-cash items		
Finance income		(22)
Income tax expense	11	4
Net cash flow from operating activities		-
Net increase/(decrease) in cash and cash equivalents		-
Cash and cash equivalents at 8 October		-
Cash and cash equivalents at 30 September		-

The notes on pages 30 to 62 form an integral part of these financial statements.

1 General information

The Company is a private company limited by share capital, incorporated in England and Wales.

The Company was formerly known as Care UK Health Care Topco Limited.

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

These financial statements were authorised for issue by the Board on 3 February 2021.

2 Accounting policies

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

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

Going concern

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

• At 30 September 2020, the Group has significant levels of liquidity with a strong cash position of £26.3m and access to a further £20.0m of revolving credit facilities 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.

• As detailed in the Strategic Report, although COVID-19 has had an impact on the Group's performance during the period ended 30 September 2020, this impact has been relatively limited to the Hospitals and surgical centres. As consideration of the impact of COVID-19 on the going concern basis, 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 the financial statements, using a range of scenarios around the timing of the end of the NHS block contract, and how quickly the Hospital service can return to pre COVID-19 levels of activity. Even under the most severe but plausible scenario, the Group has sufficient resources and liquidity to be able to continue to trade for the foreseeable future.

2 Accounting policies (continued)

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 periods presented, unless otherwise stated.

Summary of disclosure exemptions
The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

• the requirements of Section 7 Statement of Cash Flows;
• the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
• the requirement of Section 33 Related Party Disclosures paragraph 33.7.

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

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 Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group’s equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder’s share of changes in equity since the date of the combination.

2 Accounting policies (continued)

Key sources of estimation uncertainty
The preparation of the Financial Statements in conformity with FRS 102 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. Significant accounting judgements in applying the Group’s accounting policies have been applied by the Group in order to prepare the consolidated financial statements with respect to the value of tangible assets, intangible assets including goodwill, provisions, and pensions, and are described below.

Defined benefit pension schemes
The defined benefit pension deficits are calculated by independent qualified actuaries using actual payroll data and actuarial assumptions to model the future costs and expected benefits. These assumptions cover discount rate, life expectancy, mortality, inflation, and expected retirement age. These assumptions are updated on an annual basis and change with current market data which may necessitate material adjustments to this liability in the future. Details of the principal actuarial assumptions used in calculating the recognised liability for the defined benefit plans are given in the post employment benefits note.

Tangible assets and investments
The Group assesses the recoverable amount of tangible assets and investments where there are indications that the assets could be impaired. Indicators of impairment include factors internal and external to the organisation that suggest the asset’s value may have declined. Where indicators suggest that the value of the asset may have declined, the Group estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value in use. The value in use calculation requires an estimate of the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

Intangible assets
The Group uses forecast cash flow information and estimates of future growth to initially value other intangible assets recognised as part of business combinations, to assess whether goodwill and other intangible assets are impaired, and to determine the useful economic lives of its intangible assets. If the results of operations in a future period are adverse to the estimates used for impairment testing, an impairment charge may be triggered at that point, or a reduction in useful economic life may be required.

Provision for onerous contracts
The Group provides for onerous contracts to the extent that the unavoidable costs of fulfilling the contractual obligation exceeded the estimated economic benefit expected from the contract. The calculation of the provision requires an estimate of the future cash flows expected to arise from the asset and a suitable risk-adjusted discount rate in order to calculate present value.

2 Accounting policies (continued)

Provision for dilapidations
The Group has recognised provisions for the cost of dilapidations on leasehold properties based on estimates of the likely cash out flow at the end of the lease, discounted using an appropriate discount rate.

Revenue recognition
Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group’s activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The Group recognises revenue when:
The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the Group's activities.

Tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets
Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

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

Asset class	**Depreciation method and rate**
Assets in course of construction ("AICC")	No depreciation is charged until the asset is ready for use
Buildings	In line with the lease on the property
Medical equipment	20% on cost

2 Accounting policies (continued)

Computer equipment	33% on cost

Business combinations
Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill
Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	**Amortisation method and rate**
Intangible assets	Between 3- 12 years straight line which includes an assumption around likely renewal of contracts
Goodwill	10 years straight line

Investments
Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2 Accounting policies (continued)

Debtors
Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Inventories
Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Creditors
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings
Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions
Provisions are recognised when the Group has an obligation at the reporting date 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.

2 Accounting policies (continued)

Leases
Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

Dividends
Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Share based payments
Some employees are entitled to purchase shares in the Company as part of an incentive plan. The nature of any such arrangements are assessed to consider whether they meet the definition of share based payments and whether any share based payments are equity settled or cash settled. The Group currently has equity-settled share based payments and no cash-settled share-based payments.

Equity-settled share based payments are measured at the fair value of the equity instruments on the grant date. The resulting fair value is expensed on a straight-line basis over the vesting period.

For cash-settled share based payments, a liability is recognised for the goods or services acquired, initially measured at the fair value of the liability. The fair value of the liability is re-measured at each balance sheet date, with any changes in fair value recognised in profit or loss for the year.

2 Accounting policies (continued)

Financial instruments
Classification
In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

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

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 company'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.

Impairment
Financial assets (including trade and other debtors)
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3 Revenue

The analysis of the Group's turnover for the period by service is as follows:

Group	**2020** **£ 000**
Secondary Care	130,537
Health in Justice	143,590
Integrated Urgent Care	69,573
Elimination	(200)
	343,500

4 Operating loss

Arrived at after charging/(crediting)

Group	**2020** **£ 000**
Depreciation expense	7,644
Amortisation expense	21,526
Operating lease expense - property	9,177
Operating lease expense - plant and machinery	55
Profit on disposal of tangible fixed assets	(32)
Impairment of tangible assets	3,570
Impairment of intangible assets	6,593
Impairment of goodwill	7,604

5 Non recurring items

The analysis of the Group's non-recurring items for the period is as follows:

Group	**2020** **£ 000**
Increase in stock capitalisation threshold	(850)
Acquisition of Healthcare	(1,580)
Costs associated with re-branding exercise	(347)
Creation of onerous lease provision	(306)
Legal fees associated with acquisition	(27)
	(3,110)

5 Non recurring items (continued)

Increase in stock capitalisation threshold
The Group increased its capitalisation threshold to £100 per unit relating to low value consumables which resulted in the write off of £850k of stock during the period.

Acquisition of equity interest in Practice Plus Group Holdings Limited
The Group incurred certain costs relating to the acquisition of the Healthcare business in October 2019 including bonuses and setting up the new capital structure.

Costs associated with the re-brand exercise
On the 1st October 2020, the Group officially re-branded as the Practice Plus Group and incurred £347k of costs relating to the re-brand during the period.

Creation of onerous lease provision
The Group has exited one of its leased sites and has recognised a provision for £306k relating to the unavoidable costs under the lease until the termination of the lease agreement.

Legal fees associated with acquisition
During the period, the Group bought out the other partners in joint operation relating to opthamology services. The legal fees associated with this purchase totalled £27k and were expensed during the period.

6 Other interest receivable and similar income

	2020
Group	**£ 000**
Other finance income	24

7 Interest payable and similar expenses

	2020
Group	**£ 000**
Interest on revolving credit facility	225
Other finance costs	145
Loans from related party	2,744
	3,114

8 Staff costs

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

Group	2020 £ 000
Wages and salaries	138,892
Social security costs	9,226
Pension costs	3,430
Redundancy costs	108
	151,656

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

	2020 No.
Administration and support	1,548
Medical professionals and support staff	4,191
	5,739

9 Directors' remuneration

Group

The Directors' remuneration for the period was as follows:

	2020 £ 000
Remuneration	874
Contributions paid to money purchase schemes	9
	883

The Directors received no remuneration for services specifically to the Company.

In respect of the highest paid Director:

	2020 £ 000
Remuneration	441

10 Auditors' remuneration

	2020 £ 000
Amounts payable in respect of the audit of the Group and its' subsidiaries	259
Other fees to auditors	
Taxation compliance services	21
All other non-audit services	4
	25
Total fees paid to auditors	284

The amounts payable to the auditors relating to the audit of the Company was £2,500.

11 Taxation

Tax charged/(credited) in the income statement

Group	2020 £ 000
Current taxation	
Corporation tax relating to the current period	1,676
Deferred taxation	
Deferred tax relating to the current period	(2,623)
Deferred tax change arising from rate change	1,506
Total deferred taxation	(1,117)
Tax expense in the income statement	559

11 Taxation (continued)

The tax on loss before tax for the period is higher than the standard rate of corporation tax in the UK of 19%.

The differences are reconciled below:

	2020 £ 000
Loss before tax	(31,578)
Corporation tax at standard rate	(6,000)
Effect of revenues exempt from taxation	(33)
Effect of expense not deductible in determining taxable profit (tax loss)	5,086
UK deferred tax expense relating to changes in tax rates or laws	1,506
Total tax charge	559

The standard rate of corporation tax in the UK was 19% throughout the accounting period.
The deferred tax assets and liabilities at 30 September 2020 have been calculated based on the rate of 19%.

Deferred tax

Group
Deferred tax assets and liabilities

2020	Net deferred tax liabliity £ 000
Tangible fixed assets	3,223
Intangible assets	(15,315)
Pensions	54
Other	430
	(11,608)

There are £625,068 of unused tax losses for which no deferred tax asset is recognised in the Balance Sheet.

Company
There were no deferred tax balances relating to the Company.

Tax relating to items recognised in other comprehensive income or equity - group

	2020 £ 000
Deferred tax related to items recognised as items of other comprehensive income	4

12 Intangible assets

Group

	Goodwill £ 000	Other intangible assets £ 000	Total £ 000
Cost or valuation			
At 8 October 2019	-	-	-
Additions	-	2,869	2,869
Acquired through business combinations	149,770	94,520	244,290
At 30 September 2020	149,770	97,389	247,159
Amortisation			
At 8 October 2019	-	-	-
Amortisation charge	(14,000)	(7,526)	(21,526)
Impairment	(7,604)	(6,593)	(14,197)
At 30 September 2020	(21,604)	(14,119)	(35,723)
Carrying amount			
At 30 September 2020	128,166	83,270	211,436

The intangible assets acquired through business combination of £244.290k related to the acquisition of Practice Plus Group Holdings Ltd , see note 15 for further details.

The additions of £2,869k related to the payments made to a supplier to terminate a shared profit agreement relating to the provision of opthamology services.

As at 30 September 2020, Goodwill has been allocated to the following cash generating units:

	2020 £ 000
Health in Justice	97,691
Secondary Care	30,475
	128,166

12 Intangible assets (continued)

Intangible assets comprise the value attributed to ongoing customer relationships within acquired businesses and are amortised over their estimated useful economic lives, which do not exceed twelve years at inception. The useful economic life is determined by reference to the life of the associated contract.

Management believes that goodwill represents value to the Group for which the recognition of a discrete intangible asset is not permitted.

Impairment testing of intangible assets

Given the global COVID-19 pandemic, the Group considered this as an impairment trigger and hence carried out impairment tests across all cash generating units.

The Group has considered the impact of the current economic and market conditions in determining the appropriate discount rate to use in impairment testing and has applied the following discount rates:

Secondary Care and Health in Justice : 8.3%
Integrated Urgent Care: 7.1%
New Services:11.3%

The budget and forecast business plans include assumptions of the level of certain key drivers that are assumed to be met to achieve revenue and EBITDA projections as follows:

- Contract retention rates
- Elective surgery referrals
- Inflation

Whilst management is confident that its assumptions are appropriate in light of circumstances at the time of the review, it is possible that circumstances may change. The recoverable amounts calculated on the above basis significantly exceed the carrying values of the cash generating units that include goodwill to the extent that the assumptions made would need to change by a significant amount to eliminate the surplus.

12 Intangible assets (continued)

(a) Method of impairment testing
The recoverable amount of goodwill and intangible assets allocated to the cash generating units has been determined based on the higher of fair value less costs of disposal and the calculation of the value in use.

For the purposes of calculating the value in use of cash generating units containing goodwill, cash flow projections based on actual operating results and the budget and forecast business plan for the three years ending 30 September 2023 have been used with assumed growth of 2% for a further two year period. A terminal value is placed on the value of the annual cash flows in year five. No adjustment is made for the projected terminal value of the net assets of the individual cash-generating unit. Cash flows associated with post acquisition investment are included within the calculation. For the purposes of calculating value in use of cash generating units containing other intangible assets, cash flow projections over the remaining life of the underlying contracts, together with extensions based on management’s probability weighted expectation of contract renewal where appropriate have been used.

All cash flow projections are based on financial budgets and projections prepared by senior management and approved by the board of Directors.

Where recoverable amount has been determined using fair value, fair value has been determined using external sources including comparable transactions using profitability/revenue multiples.

Following completion of the impairment test, an impairment loss of £7,604k relating to goodwill and an impairment loss of £6,593k were recognised during the period in respect of the goodwill and intangible assets relating to the Integrated Urgent Care and New Services cash generating units.

13 Tangible assets

Group

	Buildings £ 000	Medical equipment £ 000	Assets under construction £ 000	IT equipment £ 000	Total £ 000
Cost or valuation					
Acquired through business combinations	7,127	10,690	1,797	1,616	21,230
Additions	528	5,591	1,871	412	8,402
Disposals	(104)	(3)	-	-	(107)
Transfers	193	-	(374)	181	-
At 30 September 2020	7,744	16,278	3,294	2,209	29,525
Depreciation					
Charge for the period	(3,258)	(3,528)	-	(858)	(7,644)
Disposals	-	(6)	-	-	(6)
Impairment	(1,081)	(223)	(1,685)	(581)	(3,570)
Transfers	169	-	-	(169)	-
At 30 September 2020	(4,170)	(3,757)	(1,685)	(1,608)	(11,220)
Carrying amount					
At 30 September 2020	3,574	12,521	1,609	601	18,305

Given the global COVID-19 pandemic, the Group considered this as an impairment trigger and hence carried out impairment tests across all cash generating units. See note 12 for full details of the methodology and assumptions applied in the impairment testing process which covers both intangible and tangible assets.

Following completion of the impairment test, an impairment loss of £3,570k relating to tangible fixed assets were recognised during the period in respect of assets relating to the Integrated Urgent Care and New Services cash generating units.

14 Investment in subsidiary undertakings

Company

	2020 £ 000
Investments in subsidiaries	115,600

Subsidiaries	**£ 000**
Cost or valuation	
Additions	115,600
At 30 September 2020	115,600
Provision	
Carrying amount	
At 30 September 2020	115,600

Details of undertakings

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary undertakings	Registered office	Holding	Proportion of voting rights and shares held 2020
Care UK (Peninsula) Limited	England	Ordinary shares	100%
Care UK (Shepton Mallet) Limited	England	Ordinary shares	100%
Practice Plus Group Community Diagnostics Limited (formerly Care UK Community Diagnostics Medical Limited)	England	Ordinary shares	100%
Practice Plus Group Hospitals Limited (formerly Care UK Clinical Services Limited)	England	Ordinary shares	100%
Practice Plus Group Bidco Limited (formerly Care UK Health Care Bidco Limited)	England	Ordinary shares	100%

14 Investment in subsidiary undertakings (continued)

	Registered office	Holding	Proportion of voting rights and shares held 2020
Practice Plus Group H4H Limited (formerly Care UK (H4H) Limited)	England	Ordinary shares	100%
Practice Plus Group Health & Rehabilitation Services Limited (formerly Care UK Health & Rehabilitation Services Limited)	England	Ordinary shares	100%
Practice Plus Group Holdings Limited (formerly Care UK Healthcare Holdings Limited)	England	Ordinary shares	100%
Practice Plus Group Limited (formerly Care UK Practices Limited)	England	Ordinary shares	100%
Practice Plus Group Midco 1 Limited (formerly Care UK Health Care Midco 1 Limited)	England	Ordinary shares	100%
Practice Plus Group Midco 2 Limited (formerly Care UK Health Care Midco 2 Limited)	England	Ordinary shares	100%
Practice Plus Group Pharmacy Services Limited	England	Ordinary shares	100%
Practice Plus Group Primary Care Limited (formerly Care UK (Primary Care) Limited)	England	Ordinary shares	100%
Practice Plus Group UKSH Limited (formerly Care UK (UKSH) Limited)	England	Ordinary shares	100%
Practice Plus Group Urgent Care Limited (formerly Care UK (Urgent Care) Limited)	England	Ordinary shares	100%
Practice Plus Group Urgent Care Holdings Limited (formerly Care UK (Urgent Care) Holdings Limited)	England	Ordinary shares	100%
Shepton Mallet Health Partnership Limited	England	Ordinary shares	51%

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

15 Business combinations

On 25 October 2019, Practice Plus Group Bidco Ltd (formerly Care UK Health Care Bidco Ltd) acquired 100% of the issued share capital of Practice Plus Group Holdings Ltd (previously Care UK Healthcare Holdings Ltd), obtaining control.

Practice Plus Group Holdings Ltd (previously Care UK Healthcare Holdings Ltd) contributed £343,500,000 revenue and £10,924,000 to the Group's profit for the period between the date of acquisition and the balance sheet date. The Practice Plus Group Holdings Limited group had turnover of £370.5m for the twelve month period ending 30 September 2020.

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

	Book value 2020 £ 000	Fair value adjustments 2020 £ 000	Fair value 2020 £ 000
Assets and liabilities acquired			
Tangible assets	21,230	-	21,230
Identifiable intangible assets	-	94,520	94,520
Cash	7,899	-	7,899
Debtors	25,848	-	25,848
Stocks	1,860	-	1,860
Creditors	(69,339)	-	(69,339)
Deferred tax	3,343	(16,064)	(12,721)
Corporation tax	(782)	-	(782)
Provisions	(5,702)	-	(5,702)
Pensions	104	(487)	(383)
Total identifiable assets	(15,539)	77,969	62,430
Goodwill	-	149,770	149,770
Total consideration	(15,539)	227,739	212,200
Satisfied by:			
Cash settled by ultimate controlling party on Group's behalf	212,200	-	212,200
Cash flow analysis:			
Cash and cash equivalents acquired on business combination	(7,899)	-	(7,899)

16 Stocks

	Group 2020 £ 000	Company 2020 £ 000
Medical consumables	909	-

Group

During the period, the Group reduced its capitalisation threshold for low value pharmaceutical consumables to £100. This resulted in charge to the profit and loss account during the period of £850k which has been recognised as a non-recurring item.

17 Debtors

	Note	Group 2020 £ 000	Company 2020 £ 000
Trade debtors		2,969	-
Amounts owed by group undertakings	29	-	164
Other debtors		1,989	949
Prepayments		5,170	-
Accrued income		2,883	-
Corporation tax asset	11	372	-
		13,383	1,113

18 Cash and cash equivalents

	Group 2020 £ 000	Company 2020 £ 000
Cash on hand	1	-
Cash at bank	26,341	-
	26,342	-

18 Cash and cash equivalents (continued)

Balances held by the group that are not available for use by the group

	2020 £ 000
Balances that are not available for use by the Group	2,000

As part of the terms of the Revolving credit facility agreement in place, the Group must maintain a minimum cash reserve of £2m.

19 Creditors

	Note	Group 2020 £ 000	Company 2020 £ 000
Due within one year			
Trade creditors		18,574	-
Social security and other taxes		4,350	-
Other payables		1,176	-
Accruals		32,016	-
Corporation tax liability	11	-	4
Deferred income		10,145	-
		66,261	4
Due after one year			
Loans from related parties		102,744	-
Fees relating to issue of Revolving Credit Facility		(339)	-
		102,405	-

20 Provisions for liabilities

Group

	Onerous contracts £ 000	Deferred tax £ 000	Dilapidations £ 000	Total £ 000
At 8 October 2019	-	-	-	-
Arising on business combinations	226	12,721	5,476	18,423
Additional provisions	307	-	-	307
Increase (decrease) in existing provisions	-	(1,117)	5	(1,112)
Provisions used	(80)	-	-	(80)
Unused provision reversed	-	-	(732)	(732)
Unwinding of discount	-	-	44	44
Change in provision relating to amounts recognised in Other comprehensive income	-	4	-	4
At 30 September 2020	453	11,608	4,793	16,854

The provision for dilapidations relates to the estimated value of obligations in lease agreements to put the leased property back to the state in which it was originally leased. The estimated value has been adjusted for inflation and has been discounted, accruing interest at the WACC of 0.2% for those obligations arising within 5 years and 1.6% for those obligations arising in more than 5 years. The provision is expected to unwind over a period to 2035.

The provision for onerous contracts relates principally to two sites which the Group has vacated or intends to vacate prior to the end of the lease date and represents the present value of future cash flows associated with those sites.

21 Pension and other schemes

The Group operates four defined benefit pension schemes mainly for the benefit of employees who have transferred into the Group on TUPE protected terms. These four schemes are all sub-schemes of wider schemes which are administered by separate trustees. The Group is responsible for making good any deficit within these schemes which introduces a number risks including interest rate risk; inflation risk; investment risk and longevity risk. These risks are managed through appropriate investment and funding strategies.

Prudential Platinum: This scheme has no active members. Its last actuarial valuation was performed at 31 December 2016.

Federated Pension Plan: The Group operates three different sub sections including Urgent Care, Hospitals and Health & Rehabilitation Services. The Hospitals sub scheme was established on 1 September 2019 for the benefit of some specific individuals.. The Urgent Care and Health Rehabilitation Services sections had their most recent triennial valuations at 5 April 2019. All three schemes have active members.

The Group notes the futher High Court judgement issued on 20 November 2020 relating to Guaranteed Minimum Pension ("GMP") equalisation. However this will not have any impact on the Group's results as although the plans were contracted out, there were no liabilities in respect of pre 6 April 1997 service and therefore no GMP liabilities so is unaffected by this legislation.

Defined benefit pension schemes

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

Group **2020**	**Prudential Platinum** **£ 000**	**Federated Pension Plan: Urgent Care** **£ 000**	**Federated Pension Plan: Hospitals** **£ 000**	**Federated Pension Plan: Health & Rehabilitation Services** **£ 000**	**Total** **£ 000**
Fair value of scheme assets	2,979	2,425	591	2,333	8,328
Present value of defined benefit obligation	(2,392)	(2,580)	(893)	(2,745)	(8,610)
Defined benefit pension scheme surplus/(deficit)	587	(155)	(302)	(412)	(282)

21 Pension and other schemes (continued)

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

Group 2020	**Prudential Platinum £ 000**	**Federated Pension Plan: Urgent Care £ 000**	**Federated Pension Plan: Hospitals £ 000**	**Federated Pension Plan: Health & Rehabilitation Services £ 000**	**Total £ 000**
Present value at start of period	-	-	-	-	-
Liabilities assumed in business combinations	(2,368)	(2,605)	(535)	(2,450)	(7,958)
Current service cost	-	(48)	(258)	(160)	(466)
Interest cost	(42)	(49)	(9)	(47)	(147)
Actuarial gains and losses	(29)	98	9	(102)	(24)
Benefits paid	47	61	11	106	225
Contributions by scheme participants	-	(2)	(111)	(92)	(205)
Effect of curtailments	-	(35)	-	-	(35)
Present value at end of period	(2,392)	(2,580)	(893)	(2,745)	(8,610)

21 Pension and other schemes (continued)

Fair value of scheme assets

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

Group 2020	**Prudential Platinum £ 000**	**Federated Pension Plan: Urgent Care £ 000**	**Federated Pension Plan: Hospitals £ 000**	**Federated Pension Plan: Health & Rehabilitation Services £ 000**	**Total £ 000**
Fair value at start of period	-	-	-	-	-
Assets acquired in business combinations	2,896	2,299	238	2,142	7,575
Interest income	52	43	6	39	140
Return on plan assets, excluding amounts included in interest income/(expense)	72	-	-	-	72
Actuarial gains and losses	-	(15)	(4)	(6)	(25)
Employer contributions	38	157	251	172	618
Contributions by scheme participants	-	2	111	92	205
Benefits paid	(47)	(61)	(11)	(106)	(225)
Administration fees paid	(32)	-	-	-	(32)
Fair value at end of period	2,979	2,425	591	2,333	8,328

Analysis of assets

The major categories of scheme assets are as follows:

Group 2020	**Prudential Platinum £ 000**	**Federated Pension Plan: Urgent Care £ 000**	**Federated Pension Plan: Hospitals £ 000**	**Federated Pension Plan: Health & Rehabilitation Services £ 000**	**Total £ 000**
Cash and cash equivalents	-	14	48	19	81
Equity instruments	-	1,608	363	1,542	3,513
Debt instruments	2,979	803	180	772	4,734
Fair value at end of period	2,979	2,425	591	2,333	8,328

21 Pension and other schemes (continued)

Return on scheme assets

Group 2020	Prudential Platinum £ 000	Federated Pension Plan: Urgent Care £ 000	Federated Pension Plan: Hospitals £ 000	Federated Pension Plan: Health & Rehabilitation Services £ 000	Total £ 000
Actual return on plan assets during the period	124	28	2	33	187

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

Group 2020	Prudential Platinum %	Federated Pension Plan: Urgent Care %	Federated Pension Plan: Hospitals %	Federated Pension Plan: Health & Rehabilitation Services %
Discount rate	1.50	1.70	1.80	1.70
Future salary increases	2.00	2.00	2.00	2.00
RPI Inflation	2.80	3.10	3.00	3.15

Notes to the Financial Statements
for the Period from 8 October 2019 to 30 September 2020 (continued)

21 Pension and other schemes (continued)

Post retirement mortality assumptions

Group **2020**	**Prudential Platinum** **Years**	**Federated Pension Plan: Urgent Care** **Years**	**Federated Pension Plan: Hospitals** **Years**	**Federated Pension Plan: Health & Rehabilitation Services** **Years**
Current UK pensioners at retirement age - male	87.00	86.00	86.00	86.00
Current UK pensioners at retirement age - female	89.00	89.00	89.00	88.00
Future UK pensioners at retirement age - male	89.00	88.00	88.00	87.00
Future UK pensioners at retirement age - female	91.00	90.00	90.00	90.00

22 Share capital

New shares allotted

During the period 115,599,998 A Ordinary shares having an aggregate nominal value of £115,599,998 were purchased by management for an aggregate consideration of 115,599,998. See note 26 for further details.

During the period 164,000 B Ordinary shares having an aggregate nominal value of £164,000 were purchased by management for an aggregate consideration of 1,090,600. See note 26 for further details.

23 Reserves

Group

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

	Retained earnings £ 000	Total £ 000
Remeasurement gain/loss on defined benefit pension schemes	19	19

24 Loans and borrowings

	Group 2020 £ 000	Company 2020 £ 000
Non-current loans and borrowings		
Fees relating to the Revolving Credit Facility	(339)	-
Loans from related parties	102,744	-
	102,405	-

Group

Bank borrowings

On the 25th October 2019, the Group entered into a £10m Revolving Credit Facility ("RCF"). The RCF attracts interest at LIBOR +2.5% and has a maturity of 25th October 2022. The RCF attracts a financial covenant of £10m minimum consolidated EBITDA, alongside the requirement to supply the lenders with certain financial information within specific deadlines. The RCF is guaranteed on the assets of material subsidiaries of the Group which is defined as all subsidiaries which contribute more than 5% of EBITDA.

Following the COVID-19 pandemic which impacted globally from March this year, the Group took precautionary steps to increase its liquidity given the uncertainties in the market. The RCF was extended by another £10m for a period of two years from agreed changes and the £10m EBITDA financial covenant was waived to the period ending 31st December 2021. A new financial covenant was put in place which stipulates the Group must maintain a £2m cash reserve.

At 30 September 2020, the Group had no borrowings outstanding under the total £20m facility.

Amounts due to related parties

See note 19 for futher detail around the amounts due to related parties.

25 Obligations under leases and hire purchase contracts

Group

Operating leases
The total of future minimum lease payments is as follows:

	2020 £ 000
Less than one year	8,811
Between one year and not later than five years	22,374
More than five years	48,027
	79,212

26 Share-based payments

On the purchase of Practice Plus Group Holdings Limited (formerly Care UK Healthcare Holdings Ltd) on 25th October 2019, certain senior management were invited to become shareholders in the Company. These management were entitled to purchase B Ordinary shares at a price reflecting the fair value of the shares on the date of issue and the terms and conditions attached to the shares. The fair value of the shares acquired was measured at the grant date using the estimated enterprise value of the business, and market conditions such as the management estimate of exit date. These shares entitle management to a certain level of return in the case of any sale by the controlling party, subject to certain value thresholds being met. To qualify, the management must be employed by the Group at the point of sale. If management leave the business, then it is anticipated that their shares will be repurchased by either other employees or the employee benefit trust.

These shares have been accounted for as equity settled share based payments. The issue of the shares resulted in an increase in equity for the fair value of the shares issued. Given management paid fair value for the equity instruments, there was no impact in the income statement. In total 164,000 shares were issued at a price of £6.65 each. Management subscribed a certain element of cash relating to the shares , with the balance representing a loan to the Company, payable at the point of any future sale. See note 29 for details of related party transactions.

27 Contingent liabilities

Group

In the event that the Group fails to comply with the covenants in the Revolving Credit Facility as outlined in note 24, then the assets of certain guarantee companies wtihinn the Group could be surrenderd to the Lenders in settlement of any liabilities unpaid. At 30 September 2020, there is a £nil balance outstanding to the Lenders.

The Group has been in negotiation with the NHS regarding certain employees who are in receipt of defined pension benefits. These specific employees were working in services which the Group is no longer party to and therefore there is an expectation that the defined benefit pension liabilities should be transferred back to the NHS. Agreement has not yet been reached about whether any top-up payment is required.

28 Analysis of changes in net debt

Group

	Financing cash flows £ 000	Acquisition of subsidiaries £ 000	Accrued interest £ 000	Cash flow from operations £ 000	At 30 September 2020 £ 000
Cash and cash equivalents					
Cash	-	7,899	-	18,443	26,342
Borrowings					
Loans from related parties	(100,000)	-	(2,744)	-	(102,744)
	(100,000)	7,899	(2,744)	18,443	(76,402)

Notes to the Financial Statements
for the Period from 8 October 2019 to 30 September 2020 (continued)

29 Related party transactions

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

Key management personnel
The Group has identified members of the serior leadership team as key management.

Key management compensation

	2020 **£ 000**
Salaries and other short term employee benefits	1,771
Post-employment benefits	65
Termination benefits	107
	1,943

Loans from related parties

2020	**Parent** **£ 000**	**Total** **£ 000**
Advanced	100,000	100,000
Interest transactions	2,744	2,744
At end of period	102,744	102,744

Terms of loans from related parties
As part of the funding arrangements pertaining to the purchase of Practice Plus Group Holdings Limited, the Group has borrowed £100.0m from Bridgepoint in two tranches- £46.6m at zero coupon and £53.4m at 5.5% coupon. Both loans are due to mature in 2029.

Loans to key management personnel

Group and Company **2020**	**Key management** **£ 000**	**Total** **£ 000**
Advanced	948	948
Interest transactions	22	22
At end of period	970	970

29 Related party transactions (continued)

Terms of loans to related parties
The loans owed by key management relate arose at the time that key management purchased shares in the Group. The loans are repayable based on certain Group exit events and accrue interest at the rate of 5% per annum.

30 Parent and ultimate parent undertaking

Practice Plus Group Topco Limited became an intermediate parent company on 25th October 2019 when its subsidiary acquired 100% of the shares in Practice Plus Group Holdings Limited (formerly Care UK Healthcare Holdings Limited).

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 BEP IV (Nominees) Limited, incorporated in the United Kingdom.

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

The most senior parent entity producing publicly available financial statements is Practice Plus Group Topco Limited . These financial statements are available upon request from
Hawker House,
5-6 Napier Court,
Napier Road,
Reading,
Berkshire
RG1 8BW

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