

Registered number: 05578428

InHealth Group Holdings PLC

Annual Report and Financial Statements
for the Year Ended 30 September 2022



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Company Information

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Registered Office:	Beechwood Hall Kingsmead Road High Wycombe Buckinghamshire HP11 1JL
Registered Number:	05578428 (England and Wales)
Independent Auditor:	PricewaterhouseCoopers LLP 40 Clarendon Road Watford Hertfordshire WD17 1JJ
Bankers:	Bank of Scotland 4th Floor 25 Gresham Street London EC2V 7HN

Strategic Report

Principal activities

The principal activities of InHealth Group Holdings PLC together with its subsidiaries ("InHealth" or "the Group") are the provision of a broad range of diagnostic services and healthcare solutions in both Hospital based and Community or General Practice environments throughout the UK. The business provides diagnostic tests, scans, assessments, and procedures to patients working in close partnership with the NHS as well as private healthcare providers.

Review of the business

Constantly increasing demand for healthcare is an ongoing challenge for the UK as well as the rest of the world, with a clear need for providers to increase efficiencies and introduce new models of care, whilst maintaining quality and increasing focus towards prevention and early detection. This requires changes in operating systems, location, leadership, culture, capability, and considerable capital investment. InHealth supports these requirements, working with patients, providers, commissioners, and referrers. Our flexible and dynamic approach is helping to meet some of healthcare's most pressing challenges; by reducing waiting times, moving non-emergency care out of the hospital setting, speeding up diagnoses, saving money and improving the overall patient experience. We invest capital and design and adapt our solutions to meet changing demands from region to region. We work collaboratively with the NHS seeking to enhance and improve performance continuously.

The pace of change in healthcare also means that tailor-made, flexible solutions often need to be delivered quickly and InHealth can offer shorter term mobile services delivering operational and financial benefits. InHealth demonstrates efficiencies by investing in the best, most modern equipment, thus minimising downtime and maximising utilisation of assets and strives to improve speed, quality and value through productivity and innovation. In an increasingly workforce-constrained environment, our ongoing investment in recruiting, training, and developing staff is another key contributor to our success.

The impact of COVID-19 has contributed to large waiting lists of patients seeking clinical assessments and procedures. This is apparent notably in Elective care, Cancer pathways as well as a number of other disease areas. It is clear that Diagnostic scans and tests are a key component in the targeted reduction of waiting lists and that Prevention and assessments will be increasingly prevalent in the future. It is also clear that there is an increasing trend to deliver these tests, scans and assessments in out of hospital settings.

We provide tests, scans and health screening in the UK for more than 4 million patients per annum, from over 800 clinical locations. We have a clear purpose across all our services; to make healthcare better; by providing a quick, easily accessible and accurate assessment of every patient's condition enabling the right treatment to be delivered swiftly and effectively.

Healthcare is also changing, with technology underpinning and driving productivity changes from online delivery of services through to deploying the latest artificial intelligence developments. This evolution has accelerated with the challenges to healthcare service delivery presented by COVID-19. InHealth is actively engaged in these changes and manages a Ventures fund that invests in early-stage digital health companies, with 17 minority investments made to date as we look to champion the next wave of technology driven improvements to healthcare.

The Directors have assessed forecasts for the next 12 month period from the date of the approval of the Financial Statements and consider that sufficient funds are available to meet liabilities as they fall due and therefore have prepared the Financial Statements on a going concern basis (see note 1.2 for further information on the going concern basis of preparation).

Strategic Report *(continued)*

Progress through the year

Despite the impact of COVID-19 InHealth continues to look to strengthen its service offer to its customers.

On 30 June 2022 the Group completed a new partnership with C7 Health. TAC Healthcare Limited, the new organisation is now part of the Group as a majority-owned subsidiary of InHealth Limited. It comprises the services that sit within C7 Health (Diagnostic World, TAC Healthcare and Private GP Services), and combines them with some of InHealth's services – Endoscopy, Pathology, Ultrasound, Physiological Measurements and Echocardiography.

A significant amount of investment has been made into Community Diagnostic Centre projects as well as radiology investment at NHS Trust sites. We have continued to invest in our mobile fleet capacity with additional MRI, CT and PET-CT scanners together with further endoscopy units added to the fleet. We are supporting 16 programmes for Targeted Lung Health Checks.

During the year, our early-stage digital health investments continued with InHealth Ventures Limited ("InHealth Ventures") investing in new AI driven companies NeuroFenix, Cancer Clinics and Visana for a total consideration of £3.1 million. In addition, follow on investments were made in Laudio and Agamon for £0.4 million.

The Group anticipates that it will continue to have opportunities to grow where healthcare challenges meet with our skills and capabilities to offer clinical excellence, efficiency and productivity benefits to our patients and customers.

Key performance indicators

Management monitors progress by reference to Key Performance Indicators (KPIs), which include clinical indicators, patient satisfaction, staff engagement, revenue, margin return on revenue and profit before tax.

Clinical performance is closely monitored with a range of measures and metrics. Incident reporting is paramount to this and has weekly formal review. We receive periodic inspections from the CQC in relation to our CQC registered sites and services. The outcomes of such inspections are available via the CQC website.

Patient satisfaction, measured using the Friends and Family Test, showed that over 98% (2021: 98%) of our patients actively recommend our services. In 2022 InHealth achieved a 78% staff engagement score (2021: 76%).

The Group's revenue in the year for continuing operations was £253.8 million (2021: £218.0 million), generating an operating profit margin of 6% (2021: 2%) with a profit after tax for the year at £12.1 million (2021: £7.6 million).

The Group's net assets have increased to £163.9 million (2021: £130.3 million) due to the profit after tax for the year and the C7 Health acquisition.

InHealth Group Holdings PLC has again not paid any dividends and instead has continued to reinvest cash generated back into the Group to support future growth.

Development and future outlook

InHealth will continue to support NHS partners with services and solutions. The Group continues to be ready and willing to make investment, including the provision of capital, in long term projects to support the NHS with its short, medium and long term objectives. To further support proposed investments and growth, following the year end, the Group has implemented a revolving credit facility.

Throughout the year and since the year end the Group has continued to invest in growing equipment capacity, often ahead of contracted demand. A rigorous policy is followed to keep all assets maintained to a high standard including regular upgrades to keep equipment current with technological developments. Movements in fixed assets during the year are set out in note 10 to the Financial Statements.

Strategic Report *(continued)*

Development and future outlook *(continued)*

Following the new partnership with C7 Health that completed in the year we will continue to work with the new group to integrate and align systems and structures in order to realise synergies.

Principal risks and uncertainties

All risks are monitored on an on-going basis by the Directors and strategies are developed as appropriate to mitigate against such risks and minimise their impact. The principal risks and uncertainties of the Group are set out below.

Pricing risk

The Group faces exposure to potential pricing risk, particularly that driven by NHS National Tariff Payment System. It is essential for sustainability of services and long term planning that commensurate payment is given to providers relative to actual costs of service delivery. We communicate with the NHS both individually and collectively with other independent providers to mitigate this risk.

This risk is further mitigated by the Group having a broad range of customers across numerous service lines reducing single customer dependency.

Regulatory risk

Regulatory compliance is extremely closely monitored with rigorous internal governance. Our Chief Medical Officer reports directly to the Board, and oversees a Board to Floor Governance structure.

Internal compliance is enhanced with clinical quality audits performed across the Group.

External regulatory compliance is captured across a range of interactions, notably accreditation with relevant ISO standards and inspections from CQC.

Reputational risk

Damage to our reputation could have serious ramifications on current and future business. The Group holds itself to extremely high standards in everything it does. In the clinical domain this is extremely pertinent with stringent clinical governance policies and procedures implemented, reviewed, and monitored across the Group and robust controls in place for managing patient information. The Board oversees a Board to Floor Governance structure to ensure adherence to Governance policies.

Political and Economic risk

The global political landscape, the war in Ukraine, combined with the lingering impact of COVID-19 has severely impacted many local economies around the globe and is creating considerable uncertainty for economies and markets. This has created inflationary pressures on a number of key supply chains with inflation at its highest level for well over a decade. Governments and central banks have responded with monetary and fiscal interventions to attempt to stabilise economic conditions. The Directors believe that our business resilience is sufficient to deal with this, but the impact on economies and markets will be highly correlated with the effectiveness of these measures.

Supply Chain risk

Disruptions to supply chain could create a risk to service delivery. Post the COVID-19 outbreak enhanced contingency plans in relation to supply chain have been implemented across all Group service lines. Effective communication with suppliers and key stakeholders is essential to mitigating this risk. Where feasible and practical the Group will use a range of suppliers to mitigate a potential single point of failure.

Strategic Report *(continued)*

S172(1) Statement: Directors' statement of compliance with duty to promote the success of the Group

Engaging with stakeholders

The Directors have a duty to promote the success of the Group which is a key consideration when determining the Group's strategy. Building positive relationships with stakeholders that share our values is important to us and working together towards shared goals assists us in delivering long-term sustainable success.

The leadership teams of each service make decisions with a long-term view in mind and with the highest standards of conduct in line with Group policies. In order to fulfil their duties, the Directors of each service and the Group take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken. In instances when the Directors do not have all the information relevant to a decision, it is important to consider the expertise of others and care is taken to assess the source, quality and quantity of all information available.

Reports are regularly made to the Group Board by the operating units about the strategy, performance and key decisions taken which provides the Board with assurance that proper consideration is given to stakeholder interests in decision-making. At Group level, the Board is well informed about the views of stakeholders through regular reporting and it uses this information to assess the impact of decisions on each stakeholder group as part of its own decision-making process. Details of the Group key stakeholders and how we engage with them are set out below.

Shareholders

As owners of our Group we rely on the support of shareholders and their opinions are important to us. Discussions with shareholders cover a wide range of topics including financial performance, strategy, outlook, governance and ethical practices. Shareholder feedback is regularly reported and discussed by the Board on a monthly basis and their views are considered as part of decision-making. The Board consulted with shareholders regarding the C7 Health partnership in 2022. The acquisition was considered to be value-enhancing for the Group, enhancing our existing service offerings and creating access to new market segments for growth.

Colleagues

Our people are key to our success and we want them to be successful individually and as a team. The Directors aim to attract and retain talented employees from diverse backgrounds and industries by building a culture based on integrity, respect and inclusion in which people have opportunities to do purpose-driven work that impacts patients and our communities. There are many ways we engage with and listen to our people including colleague surveys, staff forums, listening groups, face-to-face briefings, internal communities, and newsletters. In 2022, key areas of focus included health and well-being, equality, diversity and inclusion, development opportunities, pay and benefits and long service recognition. Regular reports about what is important to our colleagues are made to the Directors ensuring consideration is given to colleague needs and members of the Executive Team attend staff partnership forums to hear feedback directly. The Board considered the interests of employees in the new C7 partnership, particularly in terms of the positive impact in continuing to drive momentum within the business.

Strategic Report *(continued)*

S172(1) Statement: Directors' statement of compliance with duty to promote the success of the Group *(continued)*

Colleagues *(continued)*

The Group employs 3,175 dedicated and committed people, as at 30 September 2022, the majority working with patients every day in both hospital and community settings across the UK. We believe that investing in training is a key reason that staff are attracted to InHealth as an employer, subsequently enabling them to reach their full potential enabling the delivery of excellent care to all of our patients. InHealth achieved a 78% staff engagement score in the year and delivered over 8,000 training days.

Customers

We have 515 separate NHS payor customer contracts, and an understanding of the requirements of working nationally, regionally and locally to serve and enhance patient needs. During the financial year we served over 4 million patients. Our ambition is to ensure every patient receives their medical test, scan or examination quickly and delivered to the highest standard of care. We seek to understand their needs and views and listen to how we can improve our service for them through our patient feedback process. We use this knowledge to inform our decision-making, to tailor our offering to suit patient demands. The Board considered the needs of customers in the financial year when investing in new Community Diagnostic Centres to improve accessibility and provide choice for customers, and invested in capital to keep current with technological developments and provide the highest standard of care. We continued to make digital health investments in 2022 through our understanding of customer needs and preferences.

Suppliers

We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships, continuously assessing the priorities of those with whom we work. Key areas of focus include innovation, product development, health and safety and sustainability. The Directors recognise that relationships with suppliers are important to the Group's long-term success and are briefed on supplier feedback and issues on a regular basis.

Communities

Delivering InHealth's purpose to make healthcare better requires strong mutually beneficial relationships with hospitals and commissioners across the NHS and independent sector. We engage with the communities in which we operate to build trust and understand the local issues that are important to them. We partner with local charities to raise awareness and funds. The key issues and themes across local communities are reported back to the Directors. The impact of decisions on the environment both locally and nationally is considered with initial concentration on fleet transport and generator emissions reduction.

Government and regulators

We engage with the government and regulators through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to healthcare organisations. Key areas of focus are compliance with laws and regulations, health and safety and product safety. The Directors are updated on legal and regulatory developments and take these into account when considering future actions.

Corporate and social responsibility

The Group is committed to transparency and ethical behaviour in all of its activities, as well as making a positive social, economic and environmental contribution to the community in which it operates. The Group strives to be open and honest in communicating its policies, strategies, targets, performance and governance to its stakeholders. The Group is proud of the way in which its employees demonstrate their commitment and integrity, both in their day to day work, but also through their work with charities, communities and environmental projects every year.

Strategic Report *(continued)*

Corporate and social responsibility *(continued)*

InHealth actively pursues a stance of zero tolerance for discrimination of any kind. All employees attend a course designed to highlight equality and diversity issues they may face in the workplace and to reinforce the Group strategy. This is refreshed on a regular basis as we continue to seek to develop and improve our approach. The Group has a specific, executive chaired, Equality, Diversity and Inclusion forum. We have a number of further mechanisms to allow employees to speak up including a team of Freedom to Speak up Guardians, and our staff partnership forum acts as a further mechanism to escalate issues and shape policy and practice.

The Group is committed to acting with integrity and transparency in all tax matters as part of its corporate responsibility.

Climate change and sustainability

Streamlined Energy & Carbon Reporting (SECR)

The Group is committed to making all reasonable efforts to minimise the impact placed on the environment arising from our business activities. We are seeking ways to become more environmentally friendly and find cleaner and greener ways to operate. The Group endeavours to continually improve its environmental performance and manage the impact of its operations through sustainable business practices and providing sustainable services.

The Board has continued to address a number of areas of the Group's approach to climate change and sustainability. The sustainability approach starts with establishing the Group's emissions baseline position and setting out our net zero pathway. The NHS England Public Board approved a roadmap to help suppliers align with its net zero ambition between now and 2030. This approach builds on the UK Government procurement policy (PPN 06/20 and PPN 06/21). This is a helpful framework for InHealth in setting out its net zero pathway and we are using this roadmap to shape and iterate our net zero and carbon reduction plans. We continue to focus on and improve our part of the direct owned or controlled emission sources, while also considering indirect emissions from purchased and provided energy, and other emissions in InHealth's value chain. The approach to Corporate and Social Responsibility is reviewed on an annual basis in a continual commitment to sustainable and responsible development.

In the year ending 30 September 2022 we have replaced a number of our older scanners to reduce energy and helium usage, partnering with a third party to decrease tractor mileage related emissions and signed a REGO-certified 100% renewable electricity contract with supplier BRYT to move all electricity contracts as they expire. In addition, we are increasing the use of Hydrotreated Vegetable Oil (HVO) in our generators instead of white diesel.

We recognise that climate change is a global issue that requires significant focus from both individuals and companies. It is a journey that we have embarked on and we understand that we need to focus our efforts in the short, medium and long term. The Board believes we have made good progress in 2022 and is pleased with the projects and initiatives we have undertaken.

In 2023 we intend to achieve ISO 14001 and ISO 5001 certification to direct and validate our Net Zero journey and to maintain that standard going forward. We will mature our data reporting to embed it within Group and Company processes and actively engage with partners to increase available actual data and reduce the use of assumptions in our calculations. A combination of guided discussions and online learning material will increase employee sustainability knowledge and awareness.

Strategic Report (continued)

Climate change and sustainability (continued)

The Group is now reporting greenhouse gas emissions in line with PPN 06/21 requirements, using data from energy use in operating large medical devices, fleet transportation mileage, production processes of plant and equipment, facilities operations, and employees' business travel. The energy use and associated greenhouse gas (GHG) emissions by the Group's operations in the UK during the financial year ending 30 September 2022 are outlined below, as well as our key intensity KPI, emissions per average headcount. We anticipate that as our reporting undergoes continuous improvement and actual data sources increase, this figure will become more accurate. The increase compared to prior year reflects the increased activities of the Group following growth and the end of lockdown and COVID restrictions.

	2022	2021
Energy consumption used to calculate emissions (kWh)	56,031,550	48,857,400
Total Gross Emissions (tonnes CO ₂ e)	19,510	18,651
Intensity Ratio (tonnes CO ₂ e/average FTE)	7.50	7.49

Methodology

Emissions are reported in terms of the metric tonne of carbon dioxide equivalent (tonnes CO₂e), using the conversion factors as taken from the 2022 UK Government GHG Conversion Factors for UK based organisations.

Activity data covers the financial control boundary of reporting. Actual and assumed data for electricity usage at our fixed sites, offices and mobile units was provided, as well as gas and fuel usage for our generators and transport units. These were each multiplied by the appropriate kWh metric to calculate their associated GHG emissions. The Group has calculated intensity ratio based on the number of full-time employees averaged over the reporting year.

Approved by the Board and signed on its behalf by:



R J Bradford
Director
28 June 2023

Directors' Report

The Directors present their report and audited consolidated Financial Statements of InHealth Group Holdings PLC for the year ended 30 September 2022.

Principal activity

The principal activity of the Company is as a holding company for the Group. The principal activities of the Group are set out in the Strategic Report.

Proposed dividend

The Directors do not recommend the payment of a dividend (2021: £nil).

Directors

The Directors who held office during the year, and up to the date of approval of the Financial Statements, were as follows:

I H Bradbury
R J Bradford
D M Petrie (resigned 7 February 2022)
S J Scott (appointed 7 February 2022)

Political donations

The Group made no political donations (2021: £nil).

Employees

The Group's people are key to its success in both delivering existing business and winning new contracts. Investment in people and in building the right working environment will continue to be a priority. As outlined in the 'Colleagues' section of the S172 Statement in the Strategic Report, the Board has provided employees with information on matters of concern to them, consulted employees on a regular basis so views are considered when making decisions, and encouraged employee feedback and engagement. The Group employs 3,175 highly skilled and trained professionals, as at 30 September 2022, with many years of experience working within the health sector.

The Board remains grateful for the contributions made by all individuals.

Employee Involvement

The Group's policy is to consult with employees on matters likely to affect the employees' interests. Information on matters of concern to employees is given through information bulletins, forums and reports, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

Employment of disabled people

It is the Group's policy that disabled people are given the same consideration as other applicants for all job vacancies for which they offer themselves as suitable candidates. Similarly, the Group's policy is to continue to employ and train employees who have become disabled wherever possible.

Every effort has been made to ensure that line managers fully understand that disabled people must have the prospects and promotional opportunities that are available to other employees. The Group makes appropriate modification to procedures and equipment where it is practical and safe to do so.

Directors' Report *(continued)*

Financial risk management

During the year the Group's operations exposed it to certain financial risks such as foreign currency risk, credit risk, liquidity risk, interest rate risk, investment risk, political risk and economic risk as described below. The Group has a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of cash and controlling foreign currency transactions.

Foreign currency risk

The Group's transactions are predominantly in Sterling, but some transactions are in other currencies and the Group is therefore exposed to the movement in foreign currency exchange rates. The risk is considered low due to the volume and value of transactions that occur.

Credit risk

The Group's principal financial assets are cash and cash equivalents and trade receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's credit risk is primarily attributable to its trade debtors. The Directors provide robust guidelines to minimise credit risk however, given the nature of its customers, the Group does not have significant exposure in this area.

Liquidity risk

The Group's policy has been to ensure continuity of funding for operations via additional credit facilities to aid short-term flexibility. The Group has a strong cash position, has cash generation ability and maintains overdraft facilities (that are not drawn upon) to ensure that obligations associated with the financial liabilities of any subsidiary can be met. The Directors are satisfied that the Group can meet the obligations associated with its financial liabilities and believe there is no material risk of the Group not being able to do so.

Interest rate risk

The interest rates on the Group's borrowings are at market rates. The Group's policy is to keep its borrowings within defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The Directors monitor the overall level of cash, borrowings and interest cost to limit any adverse effect on financial performance of the Group overall.

Investment risk

InHealth Ventures Limited, a direct subsidiary, makes early-stage digital health investments in unlisted early stage companies, which means that the results of the Group are exposed to investment risks, where performance can increase or decrease. The Directors are satisfied that these minority stake investments do not expose the Group to any material risk. The investment risk is managed through a formalised investment committee and signed off by the Board.

Research and Development activities

Due to the continual need for high standards of care in healthcare, the Group have undergone developmental activities for the benefits and satisfaction of patients in both acute and primary care settings. The Group has expanded developments into enhancements in mobile sites as well as digital infrastructure for automations and utilisation of future functionalities that require artificial intelligence.

Future developments

An indication of likely future developments in the business have been included in the Strategic Report. The particulars of significant events which have occurred since the end of the financial year have been included below.

Events after the Balance Sheet date

On 13 April 2023, TAC Healthcare Limited acquired a 90% stake in International SOS (Medical Services) UK Limited. The company's principal activity is the provision of medical services offshore and onshore to a variety of sectors including Oil and Gas.

Directors' Report *(continued)*

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditors

KPMG LLP resigned as auditors of the Company on 23 October 2022 and confirmed in accordance with section 509 of the Companies Act 2006 that there were no circumstances which should be brought to the attention of the Company's shareholders or creditors. The Company accepted their resignation. PricewaterhouseCoopers LLP have been appointed auditors of the Company in accordance with section 485 of the Companies Act 2006. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and pursuant to Section 487 of the Companies Act 2006, they will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'R J Bradford', with several horizontal strokes extending to the right.

R J Bradford

Director

28 June 2023

Statement of Directors' Responsibilities in respect of the Financial Statements

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group and Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 101 "Reduced Disclosure Framework" and applicable law).

Under company law, 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 Company and of the profit or loss of the Group for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have 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 Group's and Company's auditors are aware of that information.

Independent auditors' report to the members of InHealth Group Holdings PLC

Report on the audit of the financial statements

Opinion

In our opinion, InHealth Group Holdings PLC's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 30 September 2022 and of the Group's profit and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Consolidated Balance Sheet and Company Balance Sheet as at 30 September 2022; Consolidated Statement of Profit and Loss and Comprehensive Income, Consolidated Statement of Changes in Equity and Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

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

Independent auditors' report to the members of InHealth Group Holdings PLC *(continued)*

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditors' report to the members of InHealth Group Holdings PLC *(continued)*

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and Corporate Tax Legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate accounting entries to manipulate financial results, specifically revenue and EBITDA. Audit procedures performed by the engagement team included:

- Held discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and/or fraud;
- Evaluated the design effectiveness of management's control activities designed to prevent and detect irregularities of management's controls designed to prevent and detect irregularities;
- Reviewed meeting minutes of the board of directors for consideration of known or suspected instances of non-compliance with laws and regulations and/or fraud;
- Challenged assumptions and judgements made by management in their significant accounting estimates and material judgements, in particular in relation to the valuation of goodwill and unlisted investments;
- Evaluated whether there was evidence of management bias that represented a risk of material misstatement due to fraud and assessed the rationale for significant contracts and transactions entered;
- Identified and tested journal entries based on our risk assessment;
- Reviewed the disclosures in the Annual Report against the specific legal requirements; and
- Incorporated elements of unpredictability into our audit procedures.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent auditors' report to the members of InHealth Group Holdings PLC *(continued)*

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Alex Upton (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

30 June 2023

Consolidated Statement of Profit and Loss and Comprehensive Income
For the year ended 30 September 2022

	Note	2022 £000	2021 £000
Revenue	5	253,761	217,959
Cost of sales		(162,537)	(139,992)
Gross profit		91,224	77,967
Administrative expenses		(76,938)	(73,520)
Operating profit	6	14,286	4,447
Gain on sale of discontinued operation	4	-	2,956
Financial income	8	294	203
Financial expenses	8	(1,172)	(990)
Net financing (expense)		(878)	(787)
Profit before tax		13,408	6,616
Taxation	9	(1,332)	273
Profit for the year from continuing operations		12,076	6,889
Profit for the year from discontinued operation, net of tax	4	-	669
Profit for the year		12,076	7,558
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Re-measurement of defined benefit liability	21	844	103
Gains on remeasuring financial assets	12	3,359	1,848
Income tax on items that will not be reclassified to profit or loss	9	(1,036)	(555)
Other comprehensive income for the year		3,167	1,396
Total comprehensive income for the year		15,243	8,954
Comprehensive income/(loss) attributable to:			
Equity holders of the parent		15,994	8,814
Non-controlling interest		(751)	140

The accompanying notes on pages 21 to 51 form part of these Financial Statements.

Consolidated Balance Sheet

At 30 September 2022

	Note	2022 £000	2021 £000
Non-current assets			
Property, plant & equipment	10	130,631	108,590
Intangible assets	11	49,177	22,093
Other financial assets	13	26,331	19,474
Trade and other receivables	16	4,597	3,126
		210,736	153,283
Current assets			
Inventories	15	1,086	783
Contract assets	5	1,965	2,202
Trade and other receivables	16	50,297	32,196
Cash and cash equivalents		32,580	47,194
		85,928	82,375
Total assets		296,664	235,658
Current liabilities			
Trade and other payables	17	(93,412)	(81,238)
		(93,412)	(81,238)
Non-current liabilities			
Employee benefits	21	-	(896)
Deferred tax liability	14	(5,514)	(1,102)
Provisions	18	(8,217)	(8,349)
Trade and other payables	19	(25,600)	(13,815)
		(39,331)	(24,162)
Total liabilities		(132,743)	(105,400)
Net assets		163,921	130,258
Equity attributable to equity holders			
Share capital	22	1,309	1,309
Share premium	22	96,740	96,740
Other reserves	22	(2,100)	(2,100)
Retained earnings		49,762	33,768
		145,711	129,717
Non-controlling interest		18,210	541
Total equity		163,921	130,258

InHealth Group Holdings PLC
Annual Report and Financial Statements
for the Year Ended 30 September 2022

Consolidated Balance Sheet *(continued)*

These Financial Statements were approved by the Board of Directors on 28 June 2023 and were signed on its behalf by:

A handwritten signature in black ink, appearing to be 'R J Bradford', with several horizontal strokes extending from the bottom right.

R J Bradford
Director
Company registration number: 05578428

The accompanying notes on pages 21 to 51 form part of these Financial Statements.

Consolidated Statement of Changes in Equity
For the year ended 30 September 2022

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total parent equity £000	Non- controlling interest £000	Total equity £000
At 1 October 2020	1,309	96,740	(1,404)	31,466	128,111	328	128,439
Comprehensive income for the year							
Profit for the year	-	-	-	7,418	7,418	140	7,558
Other comprehensive income	-	-	-	1,396	1,396	-	1,396
Total comprehensive income for the year	-	-	-	8,814	8,814	140	8,954
Changes in ownership interests							
Growth share plan settlement	-	-	-	(7,208)	(7,208)	-	(7,208)
Reserves distributed on disposal of subsidiary	-	-	(696)	696	-	-	-
Acquisition of additional shares in subsidiary undertakings	-	-	-	-	-	73	73
Total changes in ownership interests for the year	-	-	(696)	(6,512)	(7,208)	73	(7,135)
At 30 September 2021 and 1 October 2021	1,309	96,740	(2,100)	33,768	129,717	541	130,258
Comprehensive income for the year							
Profit/(loss) for the year	-	-	-	12,827	12,827	(751)	12,076
Other comprehensive income	-	-	-	3,167	3,167	-	3,167
Total comprehensive income for the year	-	-	-	15,994	15,994	(751)	15,243
Changes in ownership interests							
Business combination	-	-	-	-	-	18,420	18,420
At 30 September 2022	1,309	96,740	(2,100)	49,762	145,711	18,210	163,921

The accompanying notes on pages 21 to 51 form part of these Financial Statements.

Notes to the Financial Statements – Group **(forming part of the Financial Statements)**

1 Accounting policies

InHealth Group Holdings PLC (the "Company") is a Company incorporated, domiciled and registered in England, United Kingdom. The registered number is 05578428 and the registered address is Beechwood Hall, Kingsmead Road, High Wycombe, Buckinghamshire, HP11 1JL.

The Group Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent Company Financial Statements present information about the Company as a separate entity and not about its Group. The Group and Company Financial Statements have been prepared and approved by the Directors in accordance with FRS 101 'Reduced Disclosure Framework'. As a result, the Group and Company apply the recognition, measurement and disclosure requirements per UK-adopted international accounting standards ("Adopted IFRSs") but makes amendments where necessary in order to comply with the requirements of the Companies Act 2006. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group Financial Statements. In these Financial Statements, the Group has applied the exemptions available under FRS 101 in respect of the following disclosures:

- IAS 1 'Presentation of Financial Statements': Exemption from providing comparative movement schedules for share capital, intangible assets, and property, plant and equipment.
- IAS 1 'Presentation of Financial Statements': Exemption from presenting a statement of cash flows, from making an explicit and unreserved statement of compliance with IFRS standards and from the capital management disclosure requirements of the standard.
- IAS 7 'Cash Flow Statement': Complete exemption from preparing a cash flow statement and the related notes.
- IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Exemption from the disclosure of new or revised IFRSs that have not been amended, as well as the disclosure of their likely impact.
- IAS 24 'Related Party Disclosures': Disclosure exemption for related party transactions entered into between two or more members of a group provided that any subsidiary which is a party of the transaction is wholly owned by such a member.
- IAS 24 'Related Party Disclosures': Exemption from disclosure of compensation for key management personnel.
- IAS 36 'Impairment of Assets': Available exemptions from disclosures at the cash generating unit level, including as it pertains to assumptions and sensitivity analysis.
- IFRS 2 'Share Based Payments': Exemption relating to group-settled share based payments.
- IFRS 3 'Business Combinations': Exemption from disclosure requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67.
- IFRS 7 'Financial Instruments': Complete exemption of the disclosures mandated by the standard, other than where required to comply with legal requirements.
- IFRS 13 'Fair Value Measurement': Complete exemption of the disclosures mandated by the standard, other than where required to comply with legal requirements.
- IFRS 15 'Revenue from contracts with customers': Partial exemption from the new disclosure requirements set out by the standard.

Taking up these disclosure exemptions is made possible by the inclusion of equivalent disclosures within the consolidated Financial Statements of InHealth UK Holdings Limited, the largest group in which the results of the Company are consolidated.

Notes to the Financial Statements – Group *(continued)*

1 Accounting policies *(continued)*

1.1 Measurement convention

The Financial Statements are prepared in accordance with applicable accounting standards and under the historical cost basis.

1.2 Going concern

The Group's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2.

The Financial Statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have assessed their prepared Group and Company cash flow forecasts for a period of 12 months from the date of approval of these Financial Statements. This includes assumptions over the certainty of cash flows and includes the impact of reduced activity levels. These forecasts indicate that, even when considering a severe but plausible downside, the Group and Company will continue to have sufficient funds to meet its liabilities as they fall due. The Group continues to be engaged in positive discussions and considers the medium-term outlook to be strong due to the opportunity to support the NHS in addressing the backlog of diagnostic and screening tests.

After taking into consideration the Group and Company's positive net asset position, absence of debt and availability of cash as well as the current economic environment, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future (at least 12 months after the approval of these Financial Statements). Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the Financial Statements and therefore have prepared the Financial Statements on a going concern basis.

1.3 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Change in subsidiary ownership

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the Financial Statements – Group *(continued)*

1 Accounting policies *(continued)*

1.4 Foreign currency

Transactions in foreign currencies are translated to the functional currency of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

1.5 Financial instruments

i) Recognition and initial measurement

The Group's main financial instruments comprise: cash and cash equivalents; trade and other receivables; other financial assets; and trade and other payables.

Financial assets and financial liabilities are initially recognised at fair value in the Group's balance sheet on the date when the Group becomes party to the contractual provisions of the instrument.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at Fair Value through Profit and Loss ("FVPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVPL are recognised immediately in profit or loss.

ii) Classification and subsequent measurement

Financial assets

Classification and subsequent measurement of financial assets is driven by the business model for managing the financial assets and the contractual cash flow characteristics of those financial assets.

Financial assets are subsequently measured at amortised cost, using the effective interest method, and adjusted for any credit loss allowance, as they are held solely for the collection and payment of contractual cash flows, being payments of principal and interest where applicable. The effect of discounting on trade and other receivables is not considered to be material. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income ("OCI"). This election is made on an investment-by-investment basis. These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents comprise cash balances and call deposits.

Notes to the Financial Statements - Group (continued)

1 Accounting policies (continued)

1.5 Financial instruments

ii) Classification and subsequent measurement (continued)

Financial liabilities

Trade and other payables are subsequently measured at amortised cost with any interest cost calculated in accordance with the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii) Impairment

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost and contract assets (as defined in IFRS 15).

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

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

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

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

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

Credit-impaired financial assets

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

Write-offs

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

Notes to the Financial Statements – Group *(continued)*

1 Accounting policies *(continued)*

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost is defined as all costs necessary to bring the asset to working condition for its intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land and assets under construction are not depreciated. The estimated useful lives are as follows:

Freehold property	50 years straight line
Short term leasehold improvements	Over the term of the lease
Plant and machinery	4 to 10 years straight line
Fixtures and fittings	3 to 6 years straight line
Motor vehicles	2 to 6 years straight line

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.7 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

Notes to the Financial Statements - Group (continued)

1 Accounting policies (continued)

1.8 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

The carrying value of each CGU is compared to its recoverable amount, determined as the higher of fair value less costs of disposal and its value in use. Where a reliable estimate of the fair value less costs of disposal is available and is higher than the carrying amount of the asset, the asset is not impaired and then no value in use is calculated.

For the purposes of goodwill impairment testing each CGU has been reviewed separately. This represents the lowest level at which goodwill is monitored by the Group and reflects its business model.

Intangible assets

Other intangible assets acquired and licences purchased by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Customer contracts are acquired through business combinations.

Expenditure on research activities is recognised in the income statement as an expense as incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit and loss on a straight-line basis over the estimated useful lives of intangible assets. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Licence and software costs	1 to 3 years straight line
Customer contracts	Over the contract life
Development costs	5 to 10 years straight line
Other intangibles (including patents and intellectual property)	10 years straight line
Brands	5 years straight line

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, and other costs in bringing them to their existing location and condition.

Notes to the Financial Statements - Group *(continued)*

1 Accounting policies *(continued)*

1.10 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability or asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating to the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Notes to the Financial Statements - Group (continued)

1 Accounting policies (continued)

1.11 Employee benefits (continued)

Defined benefit plans (continued)

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets and the effect of the asset ceiling. The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

Share-based payment transactions

Members of the Group grant awards to Group employees that can be either cash or equity settled. Where the entity has a choice of settlement by way of equity or cash the arrangement is expected to be treated as cash settled or equity settled depending upon whether the entity has a present obligation to settle in cash.

Where the Group assesses a modification to the probable outcome, the Group accounts for any changes in fair value after the modification date under the revised method of settlement. Any change in fair value that occurred prior to the modification date is accounted for under the original method of settlement. For payments made to Group employees on cancellation or settlement of the grant awards this is deducted from equity, up to the fair value of the awards at the date of repurchase, and accounted for through the Retained Earnings reserve in equity, with the amount of any excess treated as an expense.

1.12 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, which can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.13 Revenue

Revenue, which is measured as the fair value of consideration received for the activity performed, represents the amounts invoiced for the provision of diagnostic services and healthcare solutions (excluding value added tax).

Revenue is recognised on the basis of the 5-step model under IFRS 15, which sets out the rules for revenue from contracts with customers based on the satisfaction of performance obligations. Management has undertaken a detailed assessment of all revenue streams using the 5-step approach specified by IFRS 15:

- Identify the contract(s) with the customer
- Identify the performance obligations in the contract
- Determine the transaction price through contracted agreed price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) a performance obligation is satisfied

Notes to the Financial Statements - Group (continued)

1 Accounting policies (continued)

1.13 Revenue (continued)

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any transaction prices for the time value of money.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered and when performance obligations are satisfied. The Group typically satisfies its performance obligations as services are rendered on a "per procedure" or "per day" basis, depending upon the terms of the contract. Revenue is recognised when a contract with enforceable rights and obligations exists and the receipt of consideration is likely, taking into account the customer's credit quality. Payment terms are typically 30 days with no significant financing component or variable consideration.

Contract assets

Contract assets represent the right to consideration in exchange for goods that have been transferred to the customer. Costs to obtain contracts with customers are amortised on a systematic basis consistent with the pattern of transfer of services being when the related revenues are recognised.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceeds the payment, accrued income is recognised. If the payments exceed the services rendered, deferred income is recognised.

1.14 Leases

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

The Group does not currently have any lease lessor arrangements.

The Group as a lessee

The Group recognises a right-of-use asset and a corresponding liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is included in Current and Non-current liabilities on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.

Notes to the Financial Statements - Group (continued)

1 Accounting policies (continued)

1.14 Leases (continued)

The Group as a lessee (continued)

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Property, plant and equipment' in the Balance Sheet.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 1.5.

1.15 Finance income

Interest income is recognised in profit or loss using the effective interest method.

1.16 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.17 Discontinued operation

This accounting policy specifically relates to the prior year, no such transactions have been recorded in the current year.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation has been discontinued from the start of the comparative period.

Notes to the Financial Statements – Group *(continued)*

2 Significant accounting estimates and judgements

The preparation of the consolidated Financial Statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect reported amounts of assets, liabilities, revenues and expenses during the year.

Management periodically evaluates its estimates and judgements and bases them on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily available from other resources. Actual results may differ from these estimates. The estimates and assumptions that have the most significant effect on the amount recognised in the Financial Statements are discussed below.

Impairment of goodwill

The Group annually tests whether all goodwill has been impaired. The recoverable amount of the groups of CGUs calculations require assumptions to be made regarding projected cash flows and the choice of appropriate discount rate in order to calculate the value-in-use of those cash flows. These are disclosed in note 12 and actual outcomes could vary from estimates.

Valuation of unlisted investments

The Group holds a number of unlisted investments which are held at fair value. Their fair value is assessed based on the latest round of investment funding and with reference to the current market conditions.

Notes to the Financial Statements - Group (continued)

3 Business combinations (continued)

On 30 June 2022 the Group completed a new partnership with C7 Health. TAC Healthcare Limited, the new organisation is now part of the Group as a majority-owned subsidiary of InHealth Limited. It comprises the services that sit within C7 Health (Diagnostic World, TAC Healthcare and Private GP Services), and combines them with some of InHealth's services – Endoscopy, Pathology, Ultrasound, Physiological Measurements and Echocardiography.

On 30 June 2022, InHealth Limited acquired 78.5% of the Ordinary shares in TAC Healthcare Limited and its subsidiaries. In the 3 months to 30 September 2022 the TAC Healthcare Group contributed £7.6 million of consolidated revenue and a trading net loss of £109,000 to the consolidated net profit.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Acquiree's net assets at acquisition date £000	Fair value adjustments £000	Recognised values on acquisition £000
Goodwill	1,177	-	1,177
Intangible asset – customer contracts	-	4,833	4,833
Intangible asset – brands	-	1,406	1,406
Property, plant and equipment	2,998	-	2,998
Trade and other receivables	8,516	-	8,516
Cash and cash equivalents	24,550	-	24,550
Trade and other payables due within one year	(9,486)	-	(9,486)
Deferred tax liability	-	(1,560)	(1,560)
Non-controlling interest in subsidiaries	(148)	-	(148)
Net identifiable assets			32,286
Non controlling interest in previously wholly owned parent entities provided as consideration			6,688
Non controlling interest in acquired companies issued			11,255
Cash price paid			34,357
Total consideration			52,300
Goodwill			20,014

Goodwill arising on the acquisition is attributable to the expected synergistic benefits and the anticipated growth of the market. The Group has used the fair value method in measuring the intangibles identified.

InHealth Limited incurred acquisition related costs of £1,036,000 related to professional services. The cost has been included in administrative expenses in the consolidated statement of profit and loss and comprehensive income.

Notes to the Financial Statements - Group (continued)

4 Discontinued operation (continued)

On 23 December 2020, the Group sold its Pain Management Services division. Management was committed to a plan to sell in September 2020 and as such the related assets and liabilities were classified as held for sale at 30 September 2020.

The division was sold for £14.0m cash and a pre-tax gain of £3.0m was recorded in 2021.

The divisional results have been recorded as 'Discontinued operation' within the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

(A) Results of discontinued operation

	2022 £000	2021 £000
Revenue	-	2,958
Cost of sales	-	(1,283)
Administrative expenses	-	(889)
Operating profit	-	786
Financial expenses	-	-
Profit from discontinued operation	-	786
Taxation	-	(117)
Profit for the year from discontinued operation, net of tax	-	669
Gain recognised on disposal of disposal group	-	2,956
Profit for the year	-	3,625

(B) Cash flows used in discontinued operation

	2022 £000	2021 £000
Net cash used in operating activities	-	(1,575)
Net cash flows for the year	-	(1,575)

Notes to the Financial Statements - Group *(continued)*

5 Revenue

Revenue all arises from the Group's principal activities. In the following table revenue is disaggregated by primary geographical market:

	2022 £000	2021 £000
United Kingdom	253,323	217,817
Europe	438	142
	<u>253,761</u>	<u>217,959</u>

	Contract assets £000
Costs to obtain contracts with customers	
At 1 October 2021 and 30 September 2022	2,500
Amortisation	
At 1 October 2021	298
Amortisation for the year	237
	<u>535</u>
At 30 September 2022	535
Net book value	
At 30 September 2021	2,202
	<u>1,965</u>
At 30 September 2022	<u>1,965</u>

Contract costs are amortised when the related revenues are recognised. No impairment losses have been recorded for these contract assets (2021: £nil). Revenue generated relating to this contract asset was £2,899,000 (2021: £2,638,000).

6 Operating profit

Included in the operating profit are the following:

	2022 £000	2021 £000
Depreciation and other amounts written off tangible assets:		
Owned	14,386	16,483
Right-of-use assets	6,667	5,342
Profit on disposal of property, plant and equipment	(156)	(503)
Amortisation of intangibles	1,273	1,316
Amortisation of contract assets	237	157
Impairment of tangible assets:		
Owned	1,754	2,089
Right-of-use assets	515	-
	<u>23,739</u>	<u>25,284</u>

Notes to the Financial Statements - Group (continued)

6 Operating profit (continued)

Auditor's remuneration:

	2022 £000	2021 £000
For the audit of the Company and consolidated Financial Statements	50	12
For the audit of the Financial Statements of all other Group companies	455	362
Taxation compliance services	-	88
Other tax advisory services	-	41
All other services	-	80

Amounts in 2021 were payable to KPMG LLP, who resigned as auditors of the Company on 23 October 2022. Amounts in 2022 were payable to PricewaterhouseCoopers LLP.

7 Staff numbers and costs

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

	2022 No.	2021 No.
	Total	Total
Operations	2,758	2,265
Administrative	298	222
Sales	2	2
Directors	2	2
	3,060	2,491

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Continuing operations		
Wages and salaries	90,847	74,059
Social security costs	9,355	7,496
Contributions to defined contribution plans	3,626	3,328
Contributions to defined benefit plans	182	230
	104,010	85,113
Discontinued operation		
Wages and salaries	-	639
Social security costs	-	57
Contributions to defined contribution plans	-	27
	-	723

Notes to the Financial Statements - Group *(continued)*

7 Staff numbers and costs *(continued)*

Directors' remuneration is as follows:

	2022 £000	2021 £000
Directors' remuneration including social security costs	743	887
Contributions to money purchase pension scheme	16	20
	<u>759</u>	<u>907</u>

The aggregate of emoluments of the highest paid Director which were paid was £518,000 (2021: £5,424,000) and pension contributions of £nil (2021: £nil) were made to a money purchase scheme on their behalf. During the prior year the aggregate emoluments were inclusive of the above group long-term growth share plan which had accrued value since its establishment.

8 Finance income and expense

Recognised in profit and loss account

	2022 £000	2021 £000
<i>Interest receivable and similar income</i>		
Total interest receivable on financial assets	213	143
Net interest on net defined benefit pension plan assets	81	60
	<u>294</u>	<u>203</u>
<i>Interest payable and similar charges</i>		
Total interest payable on financial liabilities	1,081	921
Net interest on net defined benefit pension plan obligation	91	69
	<u>1,172</u>	<u>990</u>
Total financial expenses		

Notes to the Financial Statements – Group (continued)

9 Taxation

Recognised in the Statement of Profit and Loss

	2022 £000	2021 £000
<i>Current tax (credit)/expense</i>		
Current year	315	1,852
Group relief payable	-	2
Adjustments for prior years	(599)	(255)
	<hr/>	<hr/>
Current tax (credit)/expense	(284)	1,599
<i>Deferred tax expense/(credit)</i>		
Origination and reversal of timing differences	1,117	(268)
Adjustments in respect of prior years	499	(1,619)
Effect of tax rate change on opening balance	-	15
	<hr/>	<hr/>
Deferred tax expense/(credit)	1,616	(1,872)
	<hr/>	<hr/>
Tax expense/(credit) in profit and loss	1,332	(273)
	<hr/>	<hr/>
Income tax recognised in other comprehensive income		
Remeasurement of defined benefit liability expense	(196)	(26)
Remeasurement of financial assets	(840)	(529)
	<hr/>	<hr/>
Total income tax recognised in other comprehensive income	(1,036)	(555)
	<hr/>	<hr/>
Reconciliation of tax expense/(credit)		
	2022 £000	2021 £000
Profit for the year excluding taxation	13,408	6,616
	<hr/>	<hr/>
Using UK Corporation tax rate of 19% (2021: 19%)	2,548	1,257
	<hr/>	<hr/>
Income not taxable for tax purposes	(654)	(590)
Non-deductible expenses	139	492
Fixed assets ineligible for depreciation	(728)	230
Adjustments in respect of prior periods	(100)	(1,874)
Deferred tax not recognised	(279)	231
Remeasurement of deferred tax for changes in tax rates	406	(19)
	<hr/>	<hr/>
Total tax expense/(credit)	1,332	(273)
	<hr/>	<hr/>

Notes to the Financial Statements - Group (continued)

9. Taxation (continued)

A change in the UK corporation tax rate, announced in the Spring Budget on 3 March 2021, was substantively enacted on 24 May 2021. The rate applicable from 1 April 2021 remained at 19%, with the future corporation tax rate increasing to 25% from 1 April 2023. The deferred tax liability at 30 September 2022 has been calculated based on these rates.

10. Property, plant and equipment

	Short term leasehold improvements £000	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Assets under construction £000	Motor vehicles £000	Total £000
Cost							
At 1 October 2021	60,426	7,719	159,943	18,528	14,819	5,354	266,789
Additions	284	-	2,672	1,128	22,891	116	27,091
Additions – right-of-use assets	1,905	-	18,372	-	-	476	20,753
Additions – business combinations	419	445	1,902	158	-	74	2,998
Disposals	(135)	-	(4,760)	(179)	-	(2,784)	(7,858)
Disposals – from owned to right-of-use assets	-	-	(3,925)	-	-	-	(3,925)
Transfer between classes	1,611	-	17,078	(1,299)	(17,506)	116	-
Reclassification to intangible assets	-	-	-	-	(123)	-	(123)
At 30 September 2022	64,510	8,164	191,282	18,336	20,081	3,352	305,725
Accumulated depreciation and impairment							
At 1 October 2021	34,604	2,721	101,661	15,562	-	3,651	158,199
Charge for the year – owned assets	2,249	179	10,312	1,540	-	106	14,386
Charge for the year – right-of-use assets	2,256	-	3,850	-	-	561	6,667
Disposals	(75)	-	(3,995)	(92)	-	(2,265)	(6,427)
Impairment – owned assets	429	-	1,203	114	-	8	1,754
Impairment – right-of-use assets	515	-	-	-	-	-	515
At 30 September 2022	39,978	2,900	113,031	17,124	-	2,061	175,094
Net book value							
At 30 September 2021	25,822	4,998	58,282	2,966	14,819	1,703	108,590
At 30 September 2022	24,532	5,264	78,251	1,212	20,081	1,291	130,631

Notes to the Financial Statements – Group (continued)

10 Property, plant and equipment (continued)

The net book value of owned and leased asset included as "Property, plant and equipment" is as follows:

	2022 £000	2021 £000
Tangible fixed assets owned	97,885	88,258
Right-of-use tangible fixed asset (note 20)	32,746	20,332
	130,631	108,590

11 Goodwill and Intangible assets

	Goodwill £000	Licences and software costs £000	Customer contracts £000	Development costs £000	Other intangibles £000	Brands £000	Assets in progress £000	Total £000
Cost								
At 1 October 2021	31,239	3,415	2,380	1,153	296	-	758	39,241
Additions	-	604	-	-	-	-	200	804
Reclassification from tangible assets	-	123	-	-	-	-	-	123
Business combination	21,191	-	4,833	-	-	1,406	-	27,430
At 30 September 2022	52,430	4,142	7,213	1,153	296	1,406	958	67,598
Accumulated amortisation and impairment								
At 1 October 2021	11,182	2,326	2,267	1,092	281	-	-	17,148
Amortisation for the year	-	855	292	14	42	70	-	1,273
Transfer between classes	-	-	-	44	(44)	-	-	-
At 30 September 2022	11,182	3,181	2,559	1,150	279	70	-	18,421
Net book value								
At 30 September 2021	20,057	1,089	113	61	15	-	758	22,093
At 30 September 2022	41,248	961	4,654	3	17	1,336	958	49,177

Notes to the Financial Statements – Group (continued)

12 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisitions over the Group's interest in the fair value of the identifiable assets and liabilities of the business, subsidiary or associated undertaking at the date of acquisition. Goodwill has been allocated to the following cash generating units (CGUs):

	2021	Existing goodwill acquired from TAC Healthcare	Recorded on acquisition of TAC Healthcare	Transfer of CGUs following acquisition of TAC Healthcare	2022
Goodwill	£000	£000	£000	£000	£000
InHealth diagnostic and healthcare solutions	10,708	-	-	-	10,708
InHealth Intelligence	1,631	-	-	-	1,631
Echocardiography	2,349	-	-	(2,349)	-
Vista Diagnostics	1,085	-	-	-	1,085
Reporting business	1,113	-	-	-	1,113
Endoscopy business	1,654	-	-	(1,654)	-
Open MRI business	1,517	-	-	-	1,517
TAC business	-	1,177	20,014	4,003	25,194
	20,057	1,177	20,014	-	41,248

The Echocardiography goodwill and Endoscopy business goodwill are now included in the TAC business goodwill following the acquisition on 30 June 2022.

To calculate the recoverable amount, determined by their value in use, of the material CGUs, the following key assumptions were applied:

	2022	2021
Period on which management approved plan is based	5 Years	5 Years
Discount rate (pre-tax)	8%	8%
Discount rate (post-tax)	7%	7%
Average growth rate applied over the plan period of material CGUs:		
- InHealth diagnostic and healthcare solutions	12%	11%
- TAC business	N/a	N/a

The TAC acquisition was completed 3 months prior to year end, and there have been no indicators of impairment from performance of the CGU in the period since acquisition.

Management have estimated the discount rate by reference to a weighted average cost of capital as adjusted for appropriate risk factors reflecting current economic conditions and the risk profile of the CGUs.

The Group's estimate of impairments is most sensitive to changes in the discount rate and plan cashflows. Sensitivity analysis has been carried out by reference to both of these assumptions. This demonstrated that neither a 5% reduction in the forecast growth rate, nor a 9% increase in the discount rate would lead to an impairment of goodwill.

By performing reverse stress testing as per the above the Group considers that its goodwill impairment calculations are not sensitive to any reasonable change in the key assumptions.

Notes to the Financial Statements - Group (continued)

13 Other financial assets

	2022 £000	2021 £000
Non-current		
Financial assets designated as fair value through other comprehensive income	26,331	19,474

The Company has taken the option available under IFRS 9 to classify these investments as fair value through other comprehensive income. A gain of £3,359,000 has been recognised through other comprehensive income for year ended 30 September 2022 (2021: £1,848,000).

14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Non-current assets including: Property, plant and equipment and intangible assets timing differences	465	349	(6,441)	(1,992)	(5,976)	(1,643)
Pension and post-retirement benefits	30	303	-	-	30	303
Provisions	432	238	-	-	432	238
Deferred tax assets/(liabilities)	927	890	(6,441)	(1,992)	(5,514)	(1,102)

Deferred tax assets of £927,000 (2021: £890,000) are only recognised to the extent that the Directors consider it more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. The unrecognised deferred tax assets are not material.

The deferred tax assets and liabilities recognised in the table above have no expiry.

15 Inventories

	2022 £000	2021 £000
Consumables	1,086	783

The Group recognised £9,284,000 (2021: £8,851,000) of consumables as cost of sales in the year.

Notes to the Financial Statements - Group *(continued)*

16 Trade and other receivables

	2022 £000	2021 £000
Trade receivables	31,847	21,026
Other receivables	372	410
Prepayments and accrued income	15,290	10,760
Contingent consideration receivable	2,788	-
	<hr/>	<hr/>
All amounts falling due within one year	50,297	32,196
	<hr/>	<hr/>
Non-current assets falling due after more than one year		
Other receivables	4,592	3,056
Prepayments	5	70
	<hr/>	<hr/>
	4,597	3,126
	<hr/>	<hr/>

17 Trade and other payables

	2022 £000	2021 £000
Current		
Lease liabilities	8,778	6,184
Trade payables	5,737	14,663
Tax and social security payable	9,425	4,552
Contingent consideration due to business combinations	439	555
Amounts owed to parent company	6	19
Non-trade payables and accrued expenses	69,027	55,265
	<hr/>	<hr/>
	93,412	81,238
	<hr/>	<hr/>

Notes to the Financial Statements – Group (continued)

18 Provisions

	Onerous contract £000	Pension provision £000	Dismantlement provision £000	Dilapidation provision £000	Total £000
At 1 October 2021	2,817	405	820	4,307	8,349
Provisions made during the year	1,848	-	-	79	1,927
Utilised during the year	(2,088)	-	-	-	(2,088)
Unwinding of discounted amount	-	-	29	-	29
At 30 September 2022	2,577	405	849	4,386	8,217

A provision has been created for loss-making contracts where no potential contractual or operational improvements are possible. The provision will be utilised over the remaining contract terms of between 1 and 6 years.

A provision was created in 2017 for the Federated Pension Plan defined benefit pension scheme to cover the uncertainties in finalising the fair value of the liability. This is expected to unwind when the scheme closes.

The dismantlement provision relates to the expected cost of restoring the leasehold properties based on estimates of the likely cash out flow at the end of the lease, discounted using an appropriate discount rate. This provision will be utilised upon lease exit with terms of between 6 and 10 years.

The dilapidation provision relates to the estimate of exit costs at the end of the lease term on leasehold properties entered into without significant asset removal. The provision is being increased until the end of the lease term at which point it will be utilised. This is expected to be utilised between 2 and 22 years.

These provisions hold inherent uncertainty but the estimates and judgements made do not have a significant impact on the amounts recognised in the Financial Statements.

19 Trade and other payables: non-current

	2022 £000	2021 £000
Non-current		
Lease liabilities	23,895	12,858
Other creditors	1,705	957
	25,600	13,815

Notes to the Financial Statements – Group (continued)

20 Leases

The Group has lease contracts for property, vehicles and equipment used in the operations. The amounts recognised in the Financial Statements in relation to the leases are as follows:

Amounts recognised in statement of financial position

The balance sheet shows the following amounts relating to leases:

	2022 £000	2021 £000
Right-of-use assets net book value		
Property	9,338	10,221
Plant and machinery	22,522	9,141
Motor vehicles	886	970
	<u>32,746</u>	<u>20,332</u>
Lease liabilities		
Current	8,778	6,184
Non-current	23,895	12,858
	<u>32,673</u>	<u>19,042</u>

Amounts recognised in the profit and loss account

	Note	2022 £000	2021 £000
Depreciation charge of right-of-use assets			
Property		(2,256)	(2,378)
Plant and machinery		(3,850)	(2,376)
Motor vehicles		(561)	(588)
	10	<u>(6,667)</u>	<u>(5,342)</u>
Impairment charge of right-of-use assets			
Property	10	(515)	-
Interest expense	8	<u>(749)</u>	<u>(641)</u>

The total cash outflow for leases during the year was £7,842,000.

Notes to the Financial Statements - Group (continued)

20 Leases (continued)

Lease liabilities are due as follows:

	2022 £000	2021 £000
Less than one year	8,778	6,184
Between one and five years	20,468	9,578
More than five years	3,427	3,280
	32,673	19,042

Contractual undiscounted cash flows in respect of these leases are due as follows:

	2022 £000	2021 £000
Less than one year	9,456	5,849
Between one and five years	22,124	10,703
More than five years	3,748	3,860
	35,328	20,412

21 Employee benefits

The pension cost charged to profit and loss for the year represents contributions payable by the Group to all pension schemes accounted for as defined contribution schemes and amounts to £3,626,000 (2021: £3,328,000).

Contributions amounting to £180,000 (2021: £305,000) were payable to the defined contribution schemes at the end of the year relating to the final month and are included in creditors.

Defined contribution pension schemes

The Group operates three defined contribution pension schemes.

Defined benefit pension schemes

The Group operates three pension schemes providing benefits based on final pensionable pay. The latest actuarial valuation for the schemes are as follows:

Scheme 1 – InHealth Defined Benefit Pension Scheme	1 October 2019
Scheme 2 – The Federated Pension Plan – InHealth Intelligence Limited	5 April 2019
Scheme 3 – Prudential Platinum Pension – InHealth Limited	31 December 2019

These have been agreed between the Trustees and the relevant Group companies. GMP equalisation does not impact any of the pension schemes in the Group. Whilst the new actuarial valuations have not yet been agreed for each scheme, there are no indicators of a significant change in the funding plan required for each.

Notes to the Financial Statements - Group (continued)

21 Employee benefits (continued)

Defined benefit pension schemes (continued)

Movements in net defined benefit pension liability

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Balance at 1 October	(4,606)	(4,411)	3,710	3,355	(896)	(1,056)
Included in profit or loss						
Current service cost	(117)	(122)	-	-	(117)	(122)
Interest cost	(91)	(69)	81	60	(10)	(9)
Administration services	-	(4)	(3)	(38)	(3)	(42)
	(208)	(195)	78	22	(130)	(173)
Included in OCI						
Actuarial gain/(loss) arising from change in financial assumptions	1,757	(65)	(154)	222	1,603	157
Restriction on recognisable surplus	-	-	(759)	(54)	(759)	(54)
	1,757	(65)	(913)	168	844	103
Other						
Contributions paid by the employer	(0)	(0)	182	230	182	230
Contributions paid by the employee	(25)	(26)	25	26	-	-
Benefits paid	123	91	(123)	(91)	-	-
	98	65	84	165	182	230
Balance at 30 September	(2,959)	(4,606)	2,959	3,710	-	(896)

The Federated Pension Plan and Prudential Platinum Pension are part of a multi-employer scheme, therefore the Group does not have an unconditional right of return to the schemes assets were the scheme to be wound up and as such would not be paid out a share of any remaining assets. There is a restriction on recognisable surplus of £251,000 for the year ended 30 September 2022 (2021: £314,000) and £291,000 (2021: £nil) for the respective schemes.

In addition, the Group has chosen not to recognise the £531,000 surplus on the InHealth Defined Benefit Pension Scheme for the year ended 30 September 2022 (2021: £nil) due to significant movements in market conditions during the year.

Notes to the Financial Statements – Group (continued)

21 Employee benefits (continued)

Defined benefit pension schemes (continued)

	2022 £000	2021 £000
Defined benefit pension scheme assets		
Scheme 1 – InHealth Defined Benefit Pension Scheme	2,315	2,648
Scheme 2 – The Federated Pension Plan – InHealth Intelligence Limited	270	338
Scheme 3 – Prudential Platinum Pension – InHealth Limited	374	724
Total defined benefit assets	2,959	3,710
Defined benefit pension scheme liabilities		
Scheme 1 – InHealth Defined Benefit Pension Scheme	(2,315)	(3,473)
Scheme 2 – The Federated Pension Plan – InHealth Intelligence Limited	(270)	(338)
Scheme 3 – Prudential Platinum Pension – InHealth Limited	(374)	(795)
Total defined benefit liabilities	(2,959)	(4,606)
Total defined benefit pension scheme net liability	-	(896)

The major categories of scheme assets are as follows:

	Scheme	2022 £000	2021 £000
InHealth Defined Benefit Pension Scheme			
Investment funds	1	2,789	2,589
Other (including cash and cash equivalents)	1	57	59
Restriction of pension surplus	1	(531)	-
		2,315	2,648
The Federated Pension Plan – InHealth Intelligence Limited			
Equity instruments	2	231	289
Bonds	2	173	217
Diversified growth funds	2	116	145
Other (including cash and cash equivalents)	2	1	1
Restriction of pension surplus	2	(251)	(314)
		270	338
Prudential Platinum Pension – InHealth Limited			
Debt Instruments	3	158	216
Investment funds	3	507	508
Restriction of pension surplus	3	(291)	-
		374	724
Total		2,959	3,710

Notes to the Financial Statements - Group (continued)

21 Employee benefits (continued)

Defined benefit pension scheme (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

InHealth Defined Benefit Pension Scheme	2022	2021
Discount rate at 30 September	4.7%	2.0%
Future salary increases	2.5%	2.5%
Inflation (CPI)	3.0%	2.7%
Future pension increases	3.4%	3.4%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 60-year old to live for a number of years as follows:

As at 30 September 2022

Retiring today	
Males	26.6 years
Females	29.2 years
Retiring in 20 years	
Males	28.1 years
Females	30.7 years

The Group expects to pay £123,000 in contributions to this defined benefit plan in 2023.

The Federated Pension Plan – InHealth Intelligence Limited	2022	2021
Discount rate at 30 September	5.4%	2.0%
Future salary increases	2.5%	2.5%
Inflation (RPI)	3.9%	2.7%
Future pension increases	3.5%	3.4%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

As at 30 September 2022

Retiring today	
Males	21.5 years
Females	23.8 years
Retiring in 20 years	
Males	22.8 years
Females	25.2 years

The Group expects to pay £nil in contributions to this defined benefit plan in 2023.

Prudential Platinum Pension – InHealth Limited	2022	2021
Discount rate at 30 September	4.7%	2.0%
Future salary increases	2.5%	2.5%
Inflation rate (CPI)	3.0%	2.7%
Future pension increases	3.6%	3.4%

Notes to the Financial Statements - Group (continued)

21 Employee benefits (continued)

Defined benefit pension scheme (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

As at 30 September 2022

Retiring today	
Males	20.9 years
Females	23.8 years
Retiring in 20 years	
Males	22.1 years
Females	25.2 years

The Group expects to pay £109,000 in contributions to the Prudential Platinum Pension scheme plan in 2023.

Sensitivity analysis

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation is set out below:

InHealth Defined Benefit Pension Scheme	Change in assumptions	Change in liabilities
Discount rate	Decrease by 0.5%	Increase by 10%
Rate of inflation	Increase by 0.5%	Increase by 6%
Rate of salary growth	Increase by 0.5%	Increase by 1%
Life expectancy	Increase by 0.5%	Increase by 2%
The Federated Pension Plan – InHealth Intelligence Limited	Change in assumptions	Change in liabilities
Discount rate	Decrease by 0.3%	Increase by 1%
Rate of inflation	Increase by 0.3%	Increase by 1%
Rate of salary growth	Increase by 0.3%	Increase by 1%
Life expectancy	Increase by 1 year	Increase by 1%
Prudential Platinum Pension – InHealth Limited	Change in assumptions	Change in liabilities
Discount rate	Decrease by 0.1%	Increase by 3%
Rate of inflation	Increase by 0.1%	Increase by 1%
Rate of salary growth	Increase by 0.1%	Increase by 2%
Life expectancy	Increase by 1 year	Increase by 3%

The sensitivities shown above are approximate and each sensitivity considers one change in isolation. The sensitivity of the schemes obligations to significant actuarial assumptions has been estimated, based on the average age within the pension schemes and the normal retirement age of members and the duration of the liabilities of the Schemes, which as at 30 September 2022 is approximately 24 years (InHealth Defined Benefit scheme), 16 years (The Federated Pension Plan – InHealth Intelligence Limited) and 36 years (Prudential Platinum Pension – InHealth Limited).

Notes to the Financial Statements - Group (continued)

21 Employee benefits (continued)

All plans typically expose the Group to actuarial risks such as investment risk, interest rate risk and mortality risk. The discount rate used to calculate the defined benefit pension obligation reflects the yield available on a high quality corporate bond of equivalent currency and term to the liabilities at the date of the valuation. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to all three schemes' liabilities, which means movements in the schemes' assets may well not correspond to changes in the value of the liabilities over time leading to volatility in the results from year to year. The Directors do not consider there to be uncertainty at the end of reporting period that has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

If pensions are not bought out and members live longer than expected, the benefits will be payable for longer than allowed for in the calculation of the liabilities leading to an experience loss on the plans liabilities.

Funding

The plans are fully funded by the Group's subsidiaries. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plans are based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions above.

Share-based payments

The Group commenced a new long-term growth share plan in which certain members of Group management were invited to purchase shares in InHealth Group Limited at their fair value at the date of the grant. 131,093 shares were issued in the year ended 30 September 2022 (2021: nil). No plans realised in 2022 (2021: £7,208,000).

The growth share plan enables the members to share in the groups growth in the event that group performance exceeds an agreed growth target either through an equity or cash settlement depending on a number of defined scheme exit events.

The Group has accounted for the plan as equity settled as this is management's view of the most probable method of settlement. On this basis the plan was measured at fair value at the date of the grant.

22 Capital and reserves

Called up share capital	Share premium £000	Called up share capital £000
Authorised, allotted, called up and fully paid		
In issue at 1 October 2021 and 30 September 2022 (1,309,597 Ordinary shares of £1 each)	96,740	1,309

All shares are classified in shareholders' funds.

The 'Other reserves' relates to a historic repurchase of shares in the Company's direct subsidiary.

Notes to the Financial Statements - Group *(continued)*

23 Commitments

Capital commitments

During the year ended 30 September 2022, the Group entered into contracts to purchase MRI equipment and CT scanners for £27,052,000 (2021: £18,010,000). These commitments are expected to be settled in the following financial year.

24 Related parties

The Group has taken the exemption available under FRS 101 in respect of the requirement to disclose related party transactions with Key Management Personnel and transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member. All of the Group's related party transactions are covered by this exemption.

25 Events after the balance sheet date

On 13 April 2023, TAC Healthcare Limited acquired a 90% stake in International SOS (Medical Services) UK Limited. The company's principal activity is the provision of medical services offshore and onshore to a variety of sectors including Oil and Gas.

26 Ultimate parent company and parent company of larger group

The ultimate parent undertaking and controlling party is The Damask Trust, the Trustees of which are I H Bradbury and The Embleton Trust Corporation Limited.

The Group in which the Company is consolidated is InHealth UK Holdings Limited. This company is incorporated in England and Wales. The consolidated financial statements of this Group are available to the public and may be obtained from Beechwood Hall, Kingsmead Road, High Wycombe, Buckinghamshire, HP11 1JL.

Company Balance Sheet

At 30 September 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Investments	2		91,963		91,963
			<u>91,963</u>		<u>91,963</u>
Current assets					
Debtors: amounts falling due within one year	3	3,685		3,768	
Debtors: amounts falling due after more than one year	3	327		-	
Cash and cash equivalents		121		50	
		<u>4,133</u>		<u>3,818</u>	
Creditors: amounts falling due within one year	4	(321)		(9)	
Net current assets			<u>3,812</u>		<u>3,809</u>
Net assets			<u>95,775</u>		<u>95,772</u>
Capital and reserves					
Called up share capital			1,309		1,309
Share premium account			96,740		96,740
Profit and loss account			(2,274)		(2,277)
Shareholders' funds			<u>95,775</u>		<u>95,772</u>

These Financial Statements were approved by the Board of Directors on 28 June 2023 and were signed on its behalf by:



R J Bradford
Director
Company registered number: 05578428

The accompanying notes on pages 54 to 57 form part of these Financial Statements.

Company Statement of Changes in Equity
For the year ended 30 September 2022

	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
At 1 October 2020	1,309	96,740	(2,271)	95,778
Comprehensive income for the year				
Profit for the year	-	-	(6)	(6)
At 30 September 2021 and 1 October 2021	1,309	96,740	(2,277)	95,772
Comprehensive income for the year				
Profit for the year	-	-	3	3
At 30 September 2022	1,309	96,740	(2,274)	95,775

The accompanying notes on pages 54 to 57 form part of these Financial Statements.

Notes to the Financial Statements – Company (forming part of the Financial Statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items, which are considered material in relation to the Financial Statements, except as noted below.

Basis of preparation

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In these Financial Statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- IAS 1 'Presentation of Financial Statements': Exemption from providing comparative movement schedules for share capital, intangible assets, and property, plant and equipment.
- IAS 1 'Presentation of Financial Statements': Exemption from presenting a statement of cash flows, from making an explicit and unreserved statement of compliance with IFRS standards and from the capital management disclosure requirements of the standard.
- IAS 7 'Cash Flow Statement': Complete exemption from preparing a cash flow statement and the related notes.
- IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Exemption from the disclosure of new or revised IFRSs that have not been amended, as well as the disclosure of their likely impact.
- IAS 24 'Related Party Disclosures': Disclosure exemption for related party transactions entered into between two or more members of a group provided that any subsidiary which is a party of the transaction is wholly owned by such a member.
- IAS 24 'Related Party Disclosures': Exemption from disclosure of compensation for key management personnel.
- IAS 36 'Impairment of Assets': Available exemptions from disclosures at the cash generating unit level, including as it pertains to assumptions and sensitivity analysis.
- IFRS 7 'Financial Instruments': Complete exemption of the disclosures mandated by the standard, other than where required to comply with legal requirements.
- IFRS 13 'Fair Value Measurement': Complete exemption of the disclosures mandated by the standard, other than where required to comply with legal requirements.

Taking up these disclosure exemptions is made possible by the inclusion of equivalent disclosures within the consolidated Financial Statements of InHealth UK Holdings Limited, the largest group in which the results of the Company are consolidated.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2 in the Group's notes.

Notes to the Financial Statements – Company *(continued)*

1 Accounting policies *(continued)*

1.1 Measurement convention

The Financial Statements are prepared on the historical cost basis.

1.2 Going concern

The Directors have considered the factors that impact the Company's future development, performance, cash flows and financial position along with the Company's current liquidity in forming their opinion on the going concern basis. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements. Refer to policy 1.2 in the Group's notes for full analysis performed by the Directors.

1.3 Financial instruments

The Company's material financial instruments comprise investments in subsidiaries and amounts due from group undertakings.

Investments

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less accumulated impairment losses.

Amounts due from group undertakings

Amounts due from group undertakings are initially recorded at fair value and are subsequently measured at amortised cost using the effective interest method. Amounts are assessed for impairment using the expected credit loss method, as described in note 1.5 in the Group Financial Statements.

2 Investments

	Shares in group undertakings £000
Cost	
At 1 October 2021 and 30 September 2022	91,963
Provisions	
At 1 October 2021 and 30 September 2022	-
Net book value	
At 30 September 2021	91,963
At 30 September 2022	91,963

Notes to the Financial Statements – Company (continued)

2 Investments (continued)

The Company has the following investments in subsidiaries:

	Class of shares held	Ownership 2022	2021
Direct Subsidiaries			
InHealth Ventures Limited (1)	£1	100%	100%
InHealth Group Limited (1)	1p	100%	100%
Subsidiary undertakings of InHealth Group Limited			
InHealth Limited (1)	£1	100%	100%
InHealth Properties Limited (1)	£1	100%	100%
InHealth Facilities Management Limited (1)	£1	100%	100%
InHealth (London) Limited (1)	£1	100%	100%
Subsidiary undertakings of InHealth Limited			
InHealth Molecular Imaging Limited (1)	£1	100%	100%
Vista Diagnostics Limited (1)	£1	100%	100%
Preventicum UK Limited (1)	10p	100%	100%
InHealth Reporting Limited (1)	£1	100%	100%
InHealth Endoscopy Limited (1)	£1	-	100%
InHealth Echotech Limited (1)	£1	-	100%
Lister InHealth Limited (1)	£1	100%	100%
Cardinal InHealth Limited (1)	1p	100%	100%
InHealth Diagnostics and Healthcare Solutions Limited (2)	€1	100%	100%
InHealth Pathology Limited (1)	£1	-	100%
InHealth Intelligence Limited (1)	£1	94%	94%
InHealth CATS Limited (1)	£1	100%	100%
London Centre for Advanced Diagnostics Limited (1)	£1	100%	100%
United Open MRI Limited (1)	£1	100%	100%
TAC Healthcare Limited (1)	£1	78.5%	-
Subsidiary undertaking of Preventicum UK Limited			
Euroclinics (UK) Limited (1)	£1	100%	100%
Subsidiary undertakings of InHealth Reporting Limited			
e-Locum Services Limited (1)	£1	100%	100%
Medical Imaging Audit and Accreditation Limited (1)	£1	100%	100%
Subsidiary undertaking of InHealth Properties Limited			
InHealth Diagnostic and Imaging Limited (1)	£1	100%	100%
Subsidiary undertakings of United Open MRI Limited			
The London Upright MRI Company Limited (1)	£1	100%	100%
Yorkshire Upright MRI Centre Limited (1)	£1	100%	100%
Subsidiary undertakings of TAC Healthcare Limited			
InHealth Endoscopy Limited (1)	£1	100%	-
InHealth Echotech Limited (1)	£1	100%	-
InHealth Pathology Limited (1)	£1	100%	-
C7 Health Limited (3)	£1	100%	-
Subsidiary undertaking of InHealth Endoscopy Limited			
Prime Endoscopy (Bristol) Limited (1)	£1	100%	100%
Subsidiary undertakings of C7 Health Limited			
Diagnostic World Limited (3)	£1	100%	-
TAC Healthcare Group Limited (4)	£1	100%	-
Private GP Services Holdings Limited (3)	£1	60%	-
Subsidiary undertaking of TAC Healthcare Group Limited			
The Aberdeen Clinic Limited (4)	£1	100%	-
Subsidiary undertaking of Private GP Services Holdings Limited			
Private GP Services (UK) Limited (3)	£1	100%	-

Notes to the Financial Statements – Company *(continued)*

2 Investments *(continued)*

- (1) The registered office address of these subsidiary undertakings is Beechwood Hall, Kingsmead Road, High Wycombe, Buckinghamshire, HP11 1JL.
- (2) The registered office address of this subsidiary undertaking is 1 Stokes Place, St Stephen's Green, Dublin, Republic of Ireland.
- (3) The registered office address of these subsidiary undertakings is Gateway West, East Street, Leeds, LS9 8DA.
- (4) The registered office address of these subsidiary undertakings is Wellheads Crescent, Wellheads Industrial Estate, Aberdeen, Aberdeenshire, AB21 7GA.

3 Debtors

	2022 £000	2021 £000
<i>Debtors falling due within one year</i>		
Amounts owed by group undertakings	3,685	3,768
<i>Debtors falling due after more than one year</i>		
Other debtors	327	-

4 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Accruals and deferred income	10	9
Amounts owed to group undertakings	311	-
	321	9