

CareTech Holdings Limited (formerly Caretech Holdings PLC)

Annual Report and Accounts
for the year ended 30 September 2022

Registered number 04457287



Company Information

Chairman Farouq Sheikh

Directors Haroon Sheikh
Christopher Dickinson
Mike Adams

Company Secretary Christopher Dickinson

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Auditor Grant Thornton UK LLP
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Group Executive Chairman's Statement

Introduction

CareTech has continued to demonstrate the significant resilience of its business model by delivering strong growth in all of its key performance indicators.

On 27 September 2022, CareTech was delisted from the Alternative Investment Market ('AIM') of the London Stock Exchange, having been listed for 17 years. Myself and my brother, Haroon Sheikh, are controlling shareholders and remain fully involved in the management of CareTech, and expect to do so along with the existing senior management team.

Under our new ownership structure, it is intended that CareTech will continue its support for those with physical and learning disabilities, advancing skills development for the care sector, and supporting local communities.

On behalf of the Board, I would like to thank all our staff who have worked tirelessly through the year, enabling us to deliver excellent care to individuals in our services.

Performance

The financial performance and further details of the delisting are discussed in the Strategic Report on page 5.

Dividend

The Board of CareTech Holdings Limited (formerly CareTech Holdings PLC) did not recommend the payment of an interim dividend during the year (2021: 4.6p).

Due to the Group being acquired by Amalfi Bidco Limited on 27 September 2022 the Board have not recommended the payment of a final dividend (2021: 9.5p).

Board

Details of the current Directors are set out on pages 12 to 13.

Corporate Governance

The Board firmly believes that an effective corporate governance framework is essential to underpin the success of the business, supporting management while ensuring an appropriate level of challenge and exercising proper oversight while facilitating decision-making.

The Board is focused on taking steps to enhance standards of governance and aspires to adopt high standards of corporate governance.

The Board met 8 times during the year and focused primarily upon strategic and policy issues and is responsible for leadership of the Group, implementing and monitoring effective controls to assess and manage risk, supporting the Group's Executive team to formulate and execute the Group's strategy, monitoring the performance of the Group and setting the Group's values and standards.

During the year and prior to the delisting on 27 September 2022, best practice governance principles were adopted through a Care Quality & Governance Committee, Remuneration Committee and Audit Committee.

Care Quality & Governance

The Committee met 4 times during the year. The purpose of the Committee is to lead the development of the Group's quality strategy and be responsible for the strategic oversight and assurance of care standards across the Group. In particular, to hold the Executive to account for the governance, risk and assurance process in place to identify, mitigate and manage risk to maintain and improve the quality and safety of Group services. Details of its membership are on page 13.

Remuneration Committee

The Remuneration Committee held 4 meetings during the year. No Director attends any meeting relating to his or her own remuneration. It holds responsibility for approving the remuneration and other benefits for the Executive Directors and other senior executives of the Company. Details of its membership are on page 14.

Audit Committee

The Audit Committee held 2 meetings during the year.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. The Group therefore continues to adopt the going concern basis in preparing the consolidated financial statements.

The Directors have prepared cash flow forecasts for the going concern period to 30 June which is 12 months from the date of approval of these financial statements. On 7 October 2022, the Group's existing debt facilities were refinanced through new credit facilities with Ares Management Limited in connection with Amalfi Bidco Limited's acquisition of the Group. The Group will therefore meet its day to day working capital requirements through its cash reserves, and intercompany bank and shareholder loans. These forecasts take into account the expectation in relation to occupancy, fee rates, resident mix, care hours and costs (including agency), other costs and a full programme of maintenance capital expenditure. In addition, subsequent to year end, a number of properties have been utilised as part of a sale package, subject to long-term lease agreements. The proceeds generated of £302.5m have been used to pay, in part, the new credit facilities with Ares Management Limited. The Board has also modelled several forecasts inclusive of downside sensitivities.

All forecasts, including the downside sensitivities and reverse stress test indicate that the Company will have sufficient cash resources for the going concern period. In addition, there are a number of discretionary expenditures which could be reduced if necessary, and sufficient assets on the balance sheet that could be used to raise additional cash if required.

Consequently, the Directors are confident that the Company will have sufficient resources 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.

Outlook

CareTech enters the new financial year as a private company. We continue to believe we have a well-executed investment strategy, which meets a critical social care need. Our fundamentals remain strong and we remain committed to providing high-quality care to those we look after. Our balance sheet is underpinned by a significant property portfolio and strong cash generation.

We look forward to continuing to invest in the maintenance and enhancement of our existing estate as well as growing the business through the opening of new, purpose built premium care facilities.

On behalf of the Board, I would like to express my sincere thanks to our staff who have worked tirelessly throughout the year, enabling us to deliver excellent quality care. I am enormously proud particularly of our front-line colleagues in delivering **Extraordinary Days, Every Day** for our service users.

Finally, I would like to thank both our former shareholders and our new shareholders for their support, and my fellow Board members for their commitment throughout the year.

Farouq Sheikh

Farouq Sheikh OBE
Group Executive Chairman
26th June 2023

Strategic Report for the Year Ended 30 September 2022

The Directors present their strategic report for the year ended 30 September 2022.

Principal activity

The CareTech family of companies provide high-quality care and support across the whole social care spectrum for children and adults below retirement age.

Our Adults Services support people with learning disabilities, individuals who have or are recovering from mental illness, people with autistic spectrum disorder, individuals who have one or more physical impairments and provide care and rehabilitation for acquired brain injury ("ABI"). We deliver services in residential, day care and a wide choice of creative supported living settings.

Our Children's Services - recognised nationally for their expertise - cover assessment, residential care, education and fostering options. We specialise in supporting children and young people with very complex needs including those with challenging behaviours, sexually offending behaviours, or who have emotional and behavioural disorders. We carefully and professionally support any child, irrespective of their need for being in social care, and our comprehensive high-quality services include the UK's largest portfolio of specialist schools and colleges.

CareTech has pioneered outcomes and progression along the Care Pathway including transition services for young people leaving care and for adults who are making the move into their own home after a lifetime in residential or institutional settings.

We are accelerating digital adoption within the Group and blending care and technology in new meaningful ways so even people with the most complex of needs can participate and flourish in society.

The Group's strategy is focused on being a leading international, integrated provider of specialist social care services for children and adult's delivering high quality and care excellence.

On 27 June 2022, Amalfi Bidco Limited ('Bidco') (a newly formed company indirectly owned by joint offerors Sheikh Holdings Group (Investments) Limited, Belgravia Investments Limited and Kensington Capital Limited, and funds managed by THCS IV GP S.à r.l. and TH Management IV S.à r.l. and advised by THCP Advisory Limited) and the independent committee of the board of CareTech, consisting of Jamie Cumming, Dr Moira Livingston and Adrian Stone, announced they had reached agreement on the terms of a recommended offer by Bidco for the entire issued, and to be issued, ordinary share capital of CareTech.

The offer was implemented through a court-sanctioned scheme of arrangement ('Scheme') and shareholders received 750 pence in cash for each share. As an alternative, shareholders were also able to elect to receive a partial alternative offer in lieu of all or part of the cash consideration. On 8 September 2022, the Scheme was approved by the requisite majorities of scheme shareholders at the Court Meeting and the resolution in connection with the implementation of the Scheme was passed by the requisite majority of CareTech shareholders at the General Meeting.

On 27 September 2022, it was announced that the Scheme had become effective and the entire issued and to be issued ordinary share capital of CareTech was owned by Bidco with Jamie Cumming, Moira Livingston and Adrian Stone resigning as non-executive directors. Trading in CareTech shares on AIM was suspended on 27 September 2022 with cancellation of admission to trading on 28 September 2022.

As a result, the existing bank loans will be settled as noted in the subsequent events note, and all existing share schemes will vest in according to the with scheme rules as detailed in note 22 to the financial statements.

Fair review of the business

Following CareTech's first international investment in the UAE, the Group announced two further acquisitions during the year to develop a whole person care pathway of services for people with complex needs and disabilities. Dmetco-Bayti is a well-established home healthcare provider managing the daily health and social care needs of its patients across the UAE and the Wellness Group provides integrated physical health consultations and surgical services. Both acquisitions will expand the care pathway to encompass specialist health and social care services in home care environments, and physical healthcare services in specialist clinic settings.

The Group also announced that it had acquired REHAVISTA GmbH ('REHAVISTA') in November 2021 which provides a significant opportunity for Smartbox to expand the availability of their products in Germany. This continues CareTech's ambition to develop a sector first Digital Pathway of services. Further expanding on the existing partnership between Smartbox and REHAVISTA, and across Smartbox's global customer base, which spans more than 30 languages and 45 distributors.

Group revenues increased £21.6m to £510.7m, an increase of 4.4% driven by fee rate inflation and the acquisitions made during the year. Occupancy decreased during the year with the effects of labour shortages and the emergence of the highly transmissible Omicron variant in early December 2021 leading to challenges around staff absentees and higher agency costs. Accordingly, COVID-19 costs have occurred which were in part been funded by Government Social Care support through the Infection Control and Testing Fund and Workforce Recruitment and Retention Fund.

From 1 April 2022, the Group increased the minimum national hourly rate to £9.75 which is above the National Living Wage hourly rate of £9.50. Despite inflationary pressures, Local Authorities recognise that front line staff are an integral part of the quality of care delivery and the Group was able to cover the majority of additional costs.

As shown the Group's Profit and Loss Account on page 19, turnover for the year ended 30 September 2022 amounted to £510.7m (2021: £489.1m) and gross profit to £162.8m (2021: £165.7m). Operating profit of £25.5m (2021: £79.5m) included exceptional

costs of £15.2m relating to the delisting during the year and £5.8m of costs as a consequence of COVID-19, which have been in part funded by £1.6m of Government Social Care support (2021: £11.7m income as a result of a release of sleep-in provisions and a £5.8m gain on bargain purchase) and amortisation of £13.2m (2021: £10.2m). The net profit of £6.5m (2021: £35.3m, is stated after non-cash charges including an interest charge of £16.1m, (2021: £13.3m) and taxation of £2.9m (2021: £30.9m).

The net debt position of the Group at the year end comprised the following elements:

	2022 £m	2021 £m
Cash and cash equivalents	27.3	65.6
Bank loans	(320.3)	(317.9)
Shareholder loan	(0.1)	(1.8)
Lease and hire purchase contracts	(4.8)	(4.6)
Net debt at 30 September	(298.0)	(258.7)

Net assets at the year end increased to £410.9m (2021: £380.9m). The reconciliation of the movement is shown in the consolidated statement of changes in equity on page 27.

Principal risks and uncertainties & key performance indicators

Social care is a long-term contract with the public sector and is inherently free of risk so long as quality is maintained, outcomes are achieved and the price is right. However, social care does carry risks that will always be at the forefront of our minds. The most obvious risk is that a tragedy will occur and that the Group will be held to blame. We take that risk very seriously. Our principal risk management strategy is to ensure that our staff are recruited well, are trained and supervised properly and are subject to rigorous quality oversight. In addition, we know from experience, that processes and documentation must be very carefully observed and constantly reviewed to ensure that it protects service users and provides the Group with a defensible position in the case of tragedy.

These matters, along with general safeguarding are subject to intense scrutiny by our in-house compliance and quality teams and Board level oversight.

Managing and mitigating risk

All providers of health and social care are conscious of the need for management vigilance and the requirement to have a thorough commitment to delivering care that is safe and of a high quality. CareTech's approach to quality and safe service delivery is characterised by a mixture of a dedicated compliance team carrying out regular inspection audits and a commitment to building quality into everything we do. We maintain a Risk Register, which includes all key risks and how these are mitigated through quality of service and good communication with service users and local authorities. The Risk Register is reviewed monthly.

We thoroughly review our operations on a regular basis and, in conjunction with the approach outlined above, The Directors believe this achieves a robust assessment of principal and emerging risks.

Our principal risks

The market for the provision of social care services continues to be dynamic, presenting both risks and opportunities. The overall number of people needing support will increase, and a smaller proportion of them will be placed into residential services. Those who do need a residential care solution will have more complex needs and are likely to require a wider range of services, including clinical and therapeutic support. Our operational management teams are already focusing on the delivery of high-quality care. As we move forward this will become increasingly specialised with the benefit of professional qualified care co-ordinators who will prepare and direct personalised care plans within the services.

Most service users will be supported in their own homes through domiciliary care or in more formal supported living arrangements. This is a major growth area for care providers and CareTech already has a solid reputation for its high quality and flexible solutions. We are building this to a higher level and refining our organisational structure to build more rapidly on our successes to date.

Recruiting and retaining high-quality staff

The Group seeks to attract and retain staff through:

- Responding to staff turnover, vacancy rates and staff engagement surveys
- Maintaining competitive pay and benefits
- Positive workplace and culture
- Investment in our staff through training
- Overseas recruitment to secure healthcare workers from outside the EU
- Bank staff or agency workers

KPIs used:

- Annualised retention rate* – 71% (2021: 71%)

* The number of employees working for the year to 30 September 2022 as a percentage of the number of employees at 1 October 2021.

Maintaining high levels of staff retention underpins our high-quality service ratings. Our retention rate compares favourably to the industry average. The effects of the pandemic have stabilised as have retention rates. Recruitment remains a challenge in line with a UK-wide ongoing concern.

Compliance and Regulation

Legislation and regulation will change and become more onerous, complex and demanding and is therefore considered an area of potential risk for the Group and its operations.

To manage this risk, the Group has:

- A dedicated compliance team that monitor regulatory developments and advises the Group thereon
- Regular mandatory training for all staff across a range of regulatory compliance areas e.g. data protection, health and safety and safeguarding
- Compliance internal audit team carrying out site visits
- External independent inspection of our services (NYAS)
- CQC/ Ofsted inspections

KPIs used:

- Regulatory compliance (external) – CQC 85% (2021: 86%) and Ofsted 79% (2021: 80%)

The markets that CareTech operates in are regulated by Ofsted and the CQC and their equivalents in Scotland and Wales. Each facility is inspected and given a score, with a range of outcomes from 'Outstanding', 'Good', 'Requires Improvement' to 'Inadequate' (or equivalent).

Whilst both CQC and Ofsted regulatory ratings compare favourably to the industry average, we remain committed to providing the highest quality of care across all our services and have comprehensive improvement plans in place.

Service Offer and User needs

The service offer has to be provided to meet the needs of the commissioners at a fair price and this is coming under increased scrutiny as commissioners regularly review value for money.

To mitigate this risk, the Group engages frequently and proactively with our commissioners at a local level and strategically at regional and national levels.

KPI used:

- Occupancy rates* – 76% (2021: 78%)

* Occupancy is the total number of Adult and Children's Services users placed in services that were open throughout the year.

Occupancy has remained broadly unchanged with the slight decrease following some of the recruiting challenges facing both the industry and UK wide ongoing concerns.

Future Prospects

The demand for our services remains high, with those we care for presenting needs tending to be ever greater. Our growth is focused on meeting the demands of the market through continuing to invest in the maintenance and enhancement of our existing services as well as growing the business further through the opening of new sites.

The Gulf markets of the Middle East represents an untapped need. Through our presence in the AS Group we are well positioned to capitalise in the region. Growth in service developments next year will include home health and social care services, physical healthcare and special education needs school development.

Our digital technology division has demonstrated the need for innovative technology to support staff with solutions enabling greater quality care for our service users. We believe there is an enormous digital innovation opportunity and this will be a focus and investment in the coming years.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board of Directors of CareTech Holdings Limited (formerly CareTech Holdings PLC) consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 30 September 2022.

In doing so, the Directors have given regard to:

- The likely consequences of long-term decisions;
- The interests of the Company's employees;
- The need to foster relationships with our suppliers, customers and others;
- The impact of the Company's operations on the community and environment;
- The desirability of the Group maintaining a reputation for high standards of business conduct; and attribute importance to behaving as a responsible business; and
- The need to act fairly between members of the Group

The Board considers and has discussed information from across the organisation to enable it to understand the impact of the Group's operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance as well as information covering areas such as key risks, and legal and regulatory compliance. Engagement with the Company's main stakeholder groups, including our people, those we care for, our communities, suppliers and regulators are summarised below.

Our People

Our staff are the bedrock of the organisation and deliver great quality care for the people we support. We employ over 11,000 qualified and skilled front-line staff including care workers, teachers and managers. They are supported by a professional team of clinical and therapeutic staff, back-office and support services. The care, commitment, passion empathy and professionalism of our staff are critical to the success of our Group and the care we provide. The Board recognises the increasing importance of engaging with its workforce to maintain strong operational delivery. We therefore strive to maintain and create further opportunities to generate dialogue between management and our employees.

How we engage

Employee engagement levels are recognised as central to how we operate and are regularly discussed and considered across all levels of management. Including quality of leadership across CareTech employees, and being informed on a broad range of subjects including collaboration, working conditions, roles and responsibilities, people development, reputation, benefits and rewards, diversity and inclusion, operational excellence and responsible business.

Over the last year, we have reduced the time to hire through additional recruitment resources, including the introducing the new Engagement officer roles. We also invested in our Applicant Tracking System digital recruitment tool, providing a more efficient process for applicants. CareTech have been developing a new Equity, Diversity and Inclusion (EDI) strategy, working with colleagues to ensure that this vital issue is addressed across all elements across the business. Allied to our commitment to EDI, we have this year developed our alternative recruitment pathways scheme, seeking to develop recruitment pathways to social care careers for those under-represented in the sector but also who face significant challenges in securing employment more generally.

Chaired by an Executive Director, the Staff Consultative Committee is made up of 40 members of a cross section of diverse employees and act as a conduit between the staff and the Board on shared employment and service issues that matter to employees.

Impact on Board decisions

The Board have increased investment in wellbeing support for colleagues and ongoing work continues to create a culture of recognition and praise.

Our approach to looking after people in our care

We have continued to strive for long-lasting improvements in our services in a way that is consistent with the interests and priorities our stakeholder community. As always, the driving force underpinning the Group's operations is the delivery of the highest quality of care to those in our care.

As the Group grows, we strive to maintain a culture that never forgets the important relationship we have with the people we support. We seek to nurture these relationships and see them as partnerships of mutual interest and respect, with our person-centred approach ensuring people's interests are safeguarded and vulnerabilities minimised.

The further expansion of our Care Pathway seeks to provide "whole of life" of solutions to the needs of the people we support, maximising independence where possible by encouraging education, promoting choice, being proactive with family members, providing training for employment where feasible and nurturing personal ambition where helpful. In the year we have celebrated the achievements of those we support across the country, including holding our annual Art competition and 'Blooming Marvellous' gardening competitions.

We are determined to preserve the dignity of those we care for and fully support Government initiatives to this end. We see making each day an extraordinary day for those in our care a vital ingredient to their, and our, success.

From the first time we meet each person we start to gain an understanding of not only their needs which are often complex and challenging, but most importantly to understand their future aspirations so that a plan to support them in our care is individual and as best informed as possible. Where present, parents (carers/guardians), social workers and other professionals play a key role in supporting the development of their individual care plan.

A person's care plan is dynamic, informed and updated by 'their voice' together with the professionals supporting them in their placement, alongside their social worker (and other external professionals) as well as advocacy services and independent reviewing professionals who visit services regularly. This multi-disciplinary approach ensures that the care plan is as rich and well informed as possible. Where communication is a challenge for a person, the use of appropriate communication techniques are important, from computer assistive devices, such as those provided by our Smartbox GRID technology, to British Sign Language and Makaton to ensure their voice is heard. We have implemented Mind of My Own across all our Children's Service to enable us to capture and "listen" to the voice of the young people in our services and respond to their individual needs.

We spend time to explain how each person's voice can be heard, and what they should do if they think that this is not happening. They are reminded of this on an ongoing basis.

How we engage

Each person is formally reviewed against clear progress targets being set by the team supporting the person. We utilise surveys, in the form of simple questionnaires, to ensure that our provision is meeting the needs of those in our care. As part of the regulatory inspection process, inspectors meet with the people in our care and ask for their feedback, which is included as a key part of the inspection report.

We support visiting and contact with parents appropriately and as agreed as part of any care plan.

A key ingredient for ensuring we have the impact we strive for is to hear the voice of those we care for. Mind of My Own is an award-winning digital app that helps children and young people express themselves and communicate with professionals, making sure everyone is heard. Over the past 18 months, we have implemented Mind of My Own across all relevant services and the platform is now embedded and fast becoming business as usual. Cumulatively, we have received over 6,000 statements from young people in our care through the app.

Impact on Board decisions

The Board receives regular feedback from our service users through Board meetings and divisional reviews and prioritises continuing to ensure that we work towards the aspiration of each person by making every day an extraordinary day and celebrating their successes.

Our Commissioners

The commissioners in local authorities and health bodies across England, Scotland and Wales are key stakeholders for CareTech. The people in our care are typically referred by a social worker or case manager and access to our services is purchased through the authority's respective commissioning teams. The funding of placements is not always met by social care; health commissioners support the payment of any 'health' component of a care package. Effective engagement and communication with these stakeholders is a priority for the Group.

All staff at CareTech interface in some way either directly or indirectly with local authorities and other commissioners. The Group's business development teams have overall responsibility to ensure that engagement and communication are effective, and, together with operational colleagues, ensure that the Board is fully aware of commissioning trends. Contact with local authorities is at least daily across the Group. This ranges from the daily partnership working with social work teams to ensure that the needs of people in our care are being met, to formal placement and business reviews. These reviews involve our core staff, senior operational colleagues and Directors, depending on the meetings' requirements.

The demonstration of value for the services that the Group provides is objective, and this is demonstrated individually through placement reviews and collectively at a service level review. The sharing of regulatory reports and those conducted by independent visitors allow the ongoing quality assurance of our services to be shared.

How we engage

CareTech's services are present on a multitude of purchasing frameworks across England, Scotland and Wales. These procurement tools allow providers through a combination of quality and fees to become a recognised provider aligned to their provision type. This provides a purchasing mechanism to allow the Group to access placement referrals for people whose needs could be met by our services. The referral and placement of people takes place daily across the Group. This process involves many people from commissioners and Group staff, with a single focus on understanding and being able to articulate how the needs of a person can be met. Operational colleagues have had regular contact with commissioners regarding each placement. Alongside this, there are formal reviews to understand the progress of each person placed and determine any changes to an individual's care plan.

Impact on Board decisions

The Board review the sufficiency requirements of commissioners and this feedback allows the planning of future services.

Our Regulators

CareTech operates in a highly regulated environment. The Group invests heavily in its internal compliance capacity and has established open, transparent, and positive relations with care, health and education regulators in the national and international environments within which we operate.

CareTech sits within the CQC 'Market Oversight' group and complies fully with the financial, business and care regulatory requirements that market oversight brings.

Regulatory requirements differ across both the sectors that we operate in, but also in the devolved administrations of Scotland and Wales. The Group's internal compliance team supports the business to understand and interpret the external regulatory landscape and ensure continued compliance with all regulatory requirements. The ratings across the Group continue to compare well with other providers.

Alongside engagement with regulators, the Group further enhanced strategies and policies for effective data protection information governance, and in meeting health and safety requirements.

How we engage

CareTech have national relationship meetings with Ofsted and CQC on a regular basis. There is regular dialogue at regional and local level on services quality and compliance with participation in consultations and learning events with all regulatory bodies.

Impact on Board decisions

The Board regularly reviews feedback from our Regulators and any proposed changes to the regulatory environment when considering making its decisions.

Our Suppliers

The Board is mindful of the importance of ensuring that the Group is able to source a broad range of high-quality products from a base of well-respected suppliers and of being a trusted partner for our suppliers.

How we engage

Supplier relationships are primarily managed by our property and procurement team with payment practices monitored on a monthly basis. Suppliers must demonstrate that they operate in accordance with recognised standards that uphold human rights and safety and prohibit modern slavery.

Impact on Board decisions

Members of the Executive team liaise with key suppliers and inform its decision-making process.

Our Communities and environment

The company's commitment to responsible business and public reporting on its on its Environmental, Social and Governance (ESG) commitments is undiminished. Strategic oversight of our sustainability agenda is provided by our new ESG Committee, chaired by our Group Sustainability Director.

Purple, is a thought leader at the forefront of changing the disability conversation for disabled people in businesses, communities and government. The aim is to move the conversation from one anchored in welfare charity and vulnerability to one of value contribution and opportunity.

How we engage

The CareTech Foundation was established in 2017 to champion and support the social care sector, care workers and those living in care through four grant streams.

The Purple Tuesday campaign has grown significantly and in 2022 went global with events being held simultaneously in four continents.

Impact on Board Decisions

ESG has become part of the core Board agenda to enable its decision making process.

As a result of these activities, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

Approved by the Board on 26th June 2023 and signed on its behalf by:

Farouq, Sheikh

Farouq Sheikh
Chairman

Directors' Report for the Year Ended 30 September 2022

The Directors present their report and the financial statements for the year ended 30 September 2022.

Business review and future developments

The results for the financial year ended 30 September 2022 are set out in the consolidated statement of comprehensive income detailed on pages 23 to 24. Revenue for the year was £510.7m with operating profit for the year of £25.5m and profit before tax of £9.4m. Research and development undertaken by the Group is detailed in note 12.

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

CareTech has established a reputation as a high-quality provider of care and support across the whole social care spectrum for children and adults below retirement age. The Group has invested heavily in the portfolio and workforce in order to ensure it offers the best possible environments in which to deliver high quality care. We are driven by our purpose to enable children, young people and adults with complex needs to make their own life choices, and build confidence and independence to live, learn, thrive and engage in their families and communities for more independent futures that meet their aspirations.

CareTech has embarked on a buy, build and partner roadmap to develop a sector first Digital Pathway of services with the aim to level the playing field for people with disabilities and complex needs.

Share listing and scheme of arrangement

On 27 June 2022, Amalfi Bidco Limited ('Bidco') (a newly formed company indirectly owned by joint offerors Sheikh Holdings Group (Investments) Limited, Belgravia Investments Limited and Kensington Capital Limited, and funds managed by THCS IV GP S.à r.l. and TH Management IV S.à r.l. and advised by THCP Advisory Limited) and the independent committee of the board of CareTech Holdings PLC, consisting of Jamie Cumming, Dr Moira Livingston and Adrian Stone, announced they had reached agreement on the terms of a recommended offer by Bidco for the entire issued, and to be issued, ordinary share capital of CareTech.

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As a result the existing bank loans will be settled as noted in the subsequent events note, and all existing share schemes will vest in accordance with the scheme rules as detailed in note 22 to the financial statements.

Directors of the Group

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

Farouq Sheikh – Executive Chairman
Haroon Sheikh – Chief Executive Officer
Christopher Dickinson – Company secretary and Chief Financial Officer
Mike Adams
Karl Monaghan (resigned 8 March 2022)
Moira Livingston (resigned 27 September 2022)
Jamie Cumming (resigned 27 September 2022)
Adrian Stone (appointed 14 February 2022 and resigned 27 September 2022)

Farouq Sheikh OBE, Group Executive Chairman

Founder.

Farouq has been a key architect in CareTech's growth, having co-founded the Group and involved in the vision and strategy from the outset in 1993. With a background in law and a good understanding of finance and commerce, Farouq has been instrumental in securing debt and equity funding for the Group as well as leading the management team in winning a number of long-term contracts from local authorities and health commissioners.

Farouq is a leading business entrepreneur, philanthropist and investor and has initiated and overseen the successful equity investments and the subsequent exits for 3i Group PLC (in 1996 and 2002) and Barclays Private Equity (in 2002 and 2005). His intimate knowledge of the social care sector and his commercial and negotiating expertise has guided the Group's growth.

Farouq was honoured with an OBE in 2020 for his services to social care, and has been presented with a number of Entrepreneur of the Year awards by prestigious organisations including Laing and Buisson, Coutts Bank and Ernst & Young. He also presents widely at healthcare conferences, raising awareness of the specialist social care sector.

As Patron and Enterprise Fellow of the Prince's Trust and a member of the Mosaic National Advisory Board, Farouq supports young people by passing on his experience to inspire the next generation of entrepreneurs. He is a Founder Trustee of the CareTech Charitable Foundation formed in 2017.

Haroon Sheikh, BSc Group Chief Executive Officer
Founder.

Haroon is amongst the most experienced CEOs in the health and social care sector and one of the UK's leading entrepreneurs and philanthropists. Along with his brother Farouq, he co-founded CareTech. As Group CEO he actively leads the day-to-day running of the Group and its international expansion, and has been instrumental in assembling a highly talented leadership team, to support the continued growth of the business. Haroon brings commercial acumen, related industry experience and property knowledge. He has a deep commitment and passion for delivering high-quality care and support to people with complex needs.

Haroon is Patron and Enterprise Fellow of the Prince's Trust and is member of the UK Advisory Council of the British Asian Trust under the patronage of HRH The Prince of Wales.

In 2008, Haroon and Farouq were winners of the highly valued Coutts Family Business Prize and widely applauded for the quality and social integrity of the business they created. In 2009 they were both finalists in the Ernst & Young Entrepreneur of the Year Awards and in 2016 they received the Outstanding Contribution Award at the Laing & Buisson Annual Healthcare Awards. In 2019 Haroon and Farouq were winners of the "Asian Business of the Year".

Haroon, a graduate of the University of London, is a Founder Trustee of the CareTech Charitable Foundation formed in 2017, and is Chairman of the Trustees, working closely with the Foundation's CEO and independent Trustees.

Christopher Dickinson, Chief Financial Officer
Appointed as an Executive Director and Chief Financial Officer in January 2020.

Prior to joining CareTech, Chris was a Managing Director at Jefferies where he acted for the Group on its acquisition of Cambian. Prior to Jefferies, Chris spent 14 years at J.P. Morgan advising on many significant M&A transactions and debt and equity raises. Chris is a chartered accountant, having been admitted as a member of the ICAEW in 2004 and as a Fellow in 2014, and has a degree in Computer and Management Science from the University of Warwick.

Mike Adams OBE, Executive Director
Appointed as an Executive Director in June 2010.

Mike has a significant track record in the social care, health and disability sectors. He is CEO of Purple Zest Limited, a Group disability business, and an Executive Director of CareTech. In previous roles he was Director of the National Disability Team, responsible for policy and practice for disabled students in higher education; Director of Operations for the Disability Rights Commission for two years; and Chief Executive Officer of ecdp, an Essex based user-led disability organisation. Mike spent nine months as acting Chair of a large acute hospital trust in Essex and has previously chaired an expert panel on Access to Work, the Government's flagship disability employment programme. Mike has been awarded an Honorary Doctor of Education for disability leadership from Anglia Ruskin University.

Mike was honoured with an OBE in 2012 for his services to disability and became a Trustee of the CareTech Charitable Foundation in 2017.

The Board

The Board focuses primarily upon strategic and policy issues and is responsible for:

- Leadership of the Group.
- Implementing and monitoring effective controls to assess and manage risk.
- Supporting the Group Executive Team to formulate and execute the Group's strategy.
- Monitoring the performance of the Group.
- Setting the Group's values and standards.

During the year the Board delegated certain matters to its four principle committees detailed below, due to the Group delisting on 27 September 2022 these committees dissolved on the group delisting.

Care Quality & Governance Committee
Professor Moira Livingston (Chair), Adrian Stone, Jamie Cumming

Promotes a culture of high quality and the safe care of service users. Responsible for monitoring specific non-financial risks and their associated processes, policies and controls.

Nominations Committee
Adrian Stone (Chair), Moira Livingston, Jamie Cumming

Responsible for ensuring our Board and its Committees have the right balance of skills, knowledge and experience and ensuring adequate succession plans are in place.

Audit Committee
Adrian Stone (Chair), Moira Livingston, Jamie Cumming

Responsible for reviewing and reporting to the Board on the Group's financial reporting, maintaining an appropriate relationship with the Group's auditor and monitoring the internal control systems.

Remuneration Committee

Jamie Cumming (Chair), Moira Livingston, Adrian Stone

The role of the Remuneration Committee includes details of Directors' remuneration, shareholdings and share options scheme information. A key Group strategy is to attract and retain talented and committed staff at every level of the business and the Remuneration Committee aims to foster remuneration philosophy, policies and procedures to achieve this.

Staff Consultative Committee

The aim of the Staff Consultative Committee is to monitor and facilitate workforce engagement within the Group in order to foster a meaningful dialogue between the Board and its employees and the awareness of employee matters will aid the Board's decision-making process.

Dividends

Dividends of £16.0m have been paid by Caretech Holdings Limited during the year (2021: £14.4m).

Due to the Group being acquired by Amalfi Bidco Limited on 27 September 2022 the Board have not recommended the payment of a final dividend (2021: £9.9m).

Directors' insurance

The Company maintains appropriate Directors' and Officers' liability insurance, as permitted by the Companies Act 2006.

Financial instruments

The Group is exposed to a combination of price, credit, interest rate, foreign exchange and cash flow risks. The Group uses financial instruments including cash, borrowings and interest rate swaps, the main purpose of which are to raise finance for the Group's activities and to manage interest rate risks. Disclosures in respect of these instruments are set out in note 26 to the financial statements.

Political donations

The Group made no political donations during the year.

Employees

The Directors recognise the benefits which arise from keeping employees informed of the Group's progress and plans and through their participation in the Group's performance. The Group is therefore committed to providing its employees with information on a regular basis, to consulting with them on a regular basis so that their views and/or concerns may be considered in taking decisions which may affect their interests, and to encouraging their participation in schemes through which they will benefit from the Group's progress and profitability. The Group aims to foster a working environment in which all employees are treated with courtesy and respect and seeks at all times to provide opportunities to develop and reach their full potential. The Group established Sharesave share option schemes for eligible employees in both 2016, 2017 and 2020, details of which can be found in note 22 along with options remaining on previous schemes. The Board feels that share ownership among employees fosters team spirit and motivation and will contribute to the ultimate success of the Group. It is the Group's policy to ensure that disabled persons are treated fairly and consistently in terms of recruitment, training, career development and promotion and that their employment opportunities should be based on a realistic assessment of their aptitudes and abilities. Wherever possible, the Group will continue the employment of persons who become disabled during the course of their employment through retraining, acquisition of special aids and/or equipment or the provision of suitable alternative employment. For further information please see "Our people" on page 8 in the Strategic Report.

Modern Slavery Act 2015

The Modern Slavery Act 2015 came into force in October 2015 consolidating legislation surrounding modern slavery and human trafficking. We have a zero-tolerance approach towards modern slavery or human trafficking across all areas of our business including in our supply chain and are committed to acting ethically and with integrity throughout all of our dealings.

We aim to work in partnerships with all of our contractors, suppliers and other business partners to ensure that they share and work towards the same values we hold against slavery and human trafficking.

A full version of our Anti-Slavery and Trafficking Statement can be found on our website.

Anti-bribery and corruption

The Group maintains a policy for anti-bribery and corruption and has a zero tolerance towards such activities; and requires compliance with the laws of the UK, including the Bribery Act 2010 in respect of Group conduct both in the UK and overseas.

Internally we operate a suite of policies that are embedded into our culture and help govern our activities. Examples of these include:

- **Code of Conduct Policy**, which sets out the behaviours we expect of our staff when acting for the Group.
- **Recruitment Policy**, all of UK employees are recruited after a robust recruitment process in line with UK employment laws and are required to undertake appropriate Disclosure and Barring Service checks.
- **Whistleblowing Policy**, we want staff to feel confident and empowered to raise any issues or concerns and have a whistleblowing policy in place. Our whistleblowing policy helpline is managed by a third-party provider, enabling staff to raise concerns about issues of safety or wrongdoing, anonymously if necessary. All such concerns received through the helpline are sent to the Head of Compliance for review, and to ensure that they are appropriately investigated and concluded. The Board is provided with updates on material whistleblowing events as they are reported from time to time to the Executive Leadership Team.

Business relationships

For further information the Groups business relationships please see "Our suppliers", "Regulators" and "Commissioners" on pages 9 to 10 in the Strategic Report.

Post balance sheet events

Re-financing

On 27 September 2022, the Group was acquired by Amalfi Bidco limited and delisted from the Alternative Investment Market ('AIM'). Following delisting, the Group's current bank loans of £322.3m were fully repaid on 8 October 2022 and replaced with intercompany loans from Amalfi Bidco Limited.

Cyber incident

The Group experienced a cyber incident on 4 January 2023, which had an impact on predominantly Cambian and By the Bridge operating IT systems. On becoming aware of the cyber-attack, the Group's crisis response was immediately launched, and its business continuity plans were successfully implemented. There has been no material impact on the provision of services and the Group believe there is no residual remaining threat as a result of this incident.

The Group is aware of data exfiltration and this is subject to an ongoing investigation. The Group complied with its notification obligations under applicable data privacy law including the Information Commissioners Office (ICO). The Group is cooperating fully with the ICO's investigation and understands that, if considered appropriate, the ICO has the ability to impose sanctions or a penalty notice, neither of which can be currently foreseen or reliability estimated.

Acquisition of Talk To Me Technologies

In June 2023, Smartbox Holdings acquired Talk To Me Technologies (TTMT), a leading supplier of Augmentative and Alternative Communication (AAC). TTMT was founded in 2006 and headquartered in Cedar Falls, Iowa. TTMT's produce line offers twelve AAC solutions including Wego, Zuvo and Eyespeak families of communication systems. TTMT is also the creator of the Zoom, OnWord, QuickStep, and Universal Core vocabulary page sets as well as the Spark Symbol Set library. For the year ended 31 December 2022, TTMT had \$20.7m revenue and \$4.9m EBITDA on a US GAAP basis.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. The Group therefore continues to adopt the going concern basis in preparing the consolidated financial statements. Further details are in note 1 to the financial statements.

Disclosure of information to auditor

The directors confirm that so far as each director is 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 in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Carbon Emissions

Caretech Holdings Limited (formerly CareTech Holdings PLC) recognises that our global operations have an environmental impact and we are committed to monitoring and reducing our emissions year-on-year. We are also aware of our reporting obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. We continue to report all material GHG emissions across our global operations.

2021 - 2022 PERFORMANCE

We have continued to calculate our environmental impact across the required scope 1,2 and 3 (selected categories) emission sources. On a location basis our emissions are 20,445 tCO₂e, which is an average of 2.5 tCO₂e per FTE, and an increase of 9% from FY2020-21. This increase was driven by scope 1, which saw an increase in fuel use at CareTech sites. This increase is expected and reflects a return to normal operations after the COVID-19 pandemic and more accurate granular data being available in this reporting year. Better quality data has also been captured for refrigerants, where the number of top ups, indicating leaks, was captured in FY2021-22, increasing the accuracy of this footprint.

Electricity consumption has had a small rise in consumption this year, yet the decarbonisation of the UK grid has resulted in a decrease in location-based emissions overall. Conversely, market-based emissions have increased due to the increase in carbon intensity of residual, non-renewable, electricity in the UK market.

We have calculated emission intensity metrics on a per FTE basis, which we will monitor to track performance in our subsequent environmental disclosures.

ENERGY AND CARBON ACTION

In the period covered by the report, CareTech Holdings PLC has undertaken the following emissions and energy reduction initiatives:

- Increased the level of roof insulation at three of our sites, in order to improve the Energy Performance Ratings and reduce annual carbon emissions.
- Replaced 127 aged diesel vehicles with new more fuel-efficient petrol and diesel vehicles RDE2 compliant vehicles.

2021 - 2022 RESULTS

The methodology used to calculate the GHG emissions is in accordance with the requirements of the following standards:

- World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol (revised version)
- Defra's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019).
- UK office emissions have been calculated using the DEFRA 2022 and EU residual mix factor issue of the *conversion factor repository*.

Following an operational control approach to defining our organisational boundary, our calculated GHG emissions from business activities fall within the reporting period of October 2021 to September 2022 and using reporting period of October 2020 to September 2021 for comparison.

EMISSIONS AND ENERGY USAGE

	Emissions Source	Global Emissions (tCO ₂ e)			Variance
		2019-2020	2020-2021	2021-2022	
Scope 1	Natural gas	3,179	7,413 ¹	7,909	7%
	Other Fuel Types	1,195	3,857 ²	4,587	19%
	Company and leased cars	3,914	3,443 ³	3,411	-1%
	Refrigerant	0	0	629	N/A
Total Scope 1		8,288	14,712	16,536	12%
Scope 2	Electricity	3,108	3,322 ¹	3,164	-5%
	Company and leased cars	0	0	4	N/A
Total Scope 2		3,108	3,322	3,169	-5%
Scope 3	Electricity transmission and distribution	267	294	289	-2%
	Employee cars	166	386 ³	451	17%
Total Scope 3		433	679	741	9%
Total (Market Based)		9,307	20,316 ⁴	23,000	13%
Total (Location Based)		11,829	18,713	20,445	9%
Total Energy Usage (kWh)		53,011,194	87,991,695	94,848,279	8%
Normaliser	tCO ₂ e per FTE	1.6	2.3	2.5	7%

Table 1 – Energy and carbon disclosures for reporting year.

¹ Electricity and natural gas consumption have been restated following a review of the estimation approach undertaken in FY2020-21. This has been updated to improve the accuracy of the reported emissions.

² Due to the identification of a miscalculation, other fuels have been restated for FY2020-21 to reflect higher data accuracy.

³ Company car and employee car mileage have been restated to include additional FY2020-21 mileage data which was not available at the time of reporting.

⁴ To ensure consistency across reporting years, FY2020-21 has been restated to improve the accuracy of the emission calculations associated non-renewable electricity consumption.

⁵ Energy reporting includes kWh from scope 1, scope 2 and scope 3 employee cars only (as required by the SECR regulation)

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have to prepare the financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is 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 in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of CareTech Holdings Limited

Opinion

We have audited the financial statements of CareTech Holdings Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 September 2022, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2022 and of the Group's profit then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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 parent 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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not

cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We enquired of management, the finance team and the Board of Directors about the Group's and the parent company's policies and procedures relating to the identification, evaluation and compliance with laws and regulations and the detection

and response to the risks of fraud and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations;

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the parent company. We determined that the most significant laws and regulations are those related to financial reporting and taxation, being UK-adopted international accounting standards (for the Group), Financial Reporting Standard 101 'Reduced Disclosure Framework' (for the parent company), the Companies Act 2006, and the application of local sales and use taxes and overseas permanent establishments;
- We enquired of management and the Board of Directors whether they were aware of any instances of non-compliance with laws and regulations and whether they had any knowledge of actual, suspected or alleged fraud;
- We assessed the susceptibility of the Group's and the parent company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
 - Enquiring of management, the finance team and the Board of Directors about the risks of fraud at the Group and the parent company and the controls implemented to address those risks. Assessing the design and implementation of controls relevant to the audit that management has in place to prevent and detect fraud, including updating our understanding of the internal controls over journal entries, including those related to the posting of entries used to record non-recurring, unusual transactions or other non-routine adjustments;
 - Making specific inquiries of each member of the finance team to ascertain whether they had been subject to undue pressure or had been asked to make any unusual postings or modifications to reports used in financial reporting;
 - Identifying and testing journal entries, with selection based on risk profiling;
 - Running specific keyword searches (including to related parties and of those previously connected to related entities) over the journal entry population to identify descriptions that could indicate fraudulent activity or management override of controls. In addition, journal entries by user were evaluated to identify types of entries posted that were not in line with expectations of their role. Unusual entries noted from these searches were agreed to supporting documentation to verify the validity of the posting;
 - Planning specific procedures responding to the risk of fraudulent recognition of revenue;
 - Assessing the disclosures within the annual report, including principal and emerging risks; and
 - Challenging assumptions and judgements made by management in its significant accounting estimates.
- In assessing the potential risks of material misstatement, we obtained an understanding of the Group's and the parent company's operations, including the nature of income sources and of their objectives and strategies in order to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation; and
- Requesting component auditors to identify any instances of non-compliance with applicable laws and regulations which could give rise to a material misstatement. Communications with the component auditor included specific procedures to be performed to address the fraud risk in revenue recognition and management override of controls around journal testing, including the procedures detailed above.

Use of our report

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

accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Rebecca Eagle
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
26/6/2023

Consolidated Income Statement for the year ended 30 September 2022

	Note	2022 Total £000	2021 Total £000
Revenue	5	510,715	409,119
Cost of sales		(347,887)	(323,410)
Gross profit		162,828	165,709
Other income		1,559	2,692
Administrative expenses		(138,871)	(88,897)
Operating profit		25,516	79,504
Finance expenses	8	(16,121)	(13,270)
Profit before tax		9,395	66,234
Taxation	9	(2,885)	(30,906)
Profit for the year		6,510	35,328
Non-controlling interest		(4,213)	(3,420)
Profit for the year attributable to equity shareholders of the Parent		2,297	31,908

Consolidated Statement of Comprehensive Income for the year ended 30 September 2022

	Note	2022 Total £000	2021 Total £000
Profit for the year		6,510	35,328
Item that may be subsequently reclassified to the income statement:			
Exchange movements on overseas net assets		6,655	(424)
Items that will not be reclassified to income statement:			
Exchange movements on overseas net assets of non-controlling interests		3,611	(320)
Other comprehensive income for the year		10,266	(744)
Total comprehensive income for the year		16,776	34,584
Non-controlling interest		(7,824)	(3,100)
Total comprehensive income for the year attributable to owners of the Parent		8,952	31,484

Consolidated Statement of Financial Position as at 30 September 2022

	Note	2022 £000	2021 £000
Non-current assets			
Property, plant and equipment	10	637,001	619,482
Right-of-use assets	11	125,276	123,231
Intangible assets	12	102,903	87,032
Goodwill	12	106,088	86,866
Deferred tax asset	19	448	-
		971,716	916,611
Current assets			
Inventories	13	6,764	3,468
Trade and other receivables	14	93,121	71,606
Cash and cash equivalents	15	27,258	65,560
		127,143	140,634
Total assets		1,098,859	1,057,245
Current liabilities			
Trade and other payables	18	80,197	70,011
Lease liabilities	11	6,516	5,500
Loans and borrowings	17	319,963	-
Deferred consideration payable		8,052	-
Contingent consideration payable		-	3,616
Deferred income	16	34,662	36,132
Corporation tax		10,243	17,753
		459,633	133,012
Non-current liabilities			
Loans and borrowings	17	528	319,654
Lease liabilities	11	121,308	118,781
Deferred tax liabilities	19	96,204	93,927
Provisions	20	5,258	5,540
Derivative financial instruments	21	4,994	5,414
		228,292	543,316
Total liabilities		687,925	676,328
Net assets		410,934	380,917
Equity			

Share capital	23	575	566
Share premium	24	138,926	133,551
Shares held by Executive Shared Ownership Plan	24	-	(12,837)
Merger reserve	24	125,842	125,842
Other components of equity	24	3,659	(371)
Retained earnings	24	114,170	121,619
Total equity attributable to equity shareholders of the Parent		383,172	368,370
Non-controlling interest	28	27,762	12,547
Total equity		410,934	380,917

These financial statements were approved by the Board of Directors and authorised for issue on 26th June 2023 and were signed on its behalf by:

Farouq Sheikh

Farouq Sheikh OBE
Group Executive Chairman
Company number: 04457287

Chris Dickinson

Christopher Dickinson
Group Chief Financial Officer

Consolidated Statement of Changes in Equity as at 30 September 2022

	Share capital £000	Share premium £000	Shares held by Executive Shared Ownership Plan £000	Retained earnings £000	Merger reserve £000	Other components of equity £000	Total attributable to owners of the Parent £000	Non- controlling interest £000	Total equity £000
At 30 September 2020	565	133,079	(13,305)	107,120	125,842	53	353,354	10,862	364,216
Profit for the year	–	–	–	31,908	–	–	31,908	3,420	35,328
Other comprehensive income	–	–	–	–	–	(424)	(424)	(320)	(744)
Total comprehensive income	–	–	–	31,908	–	(424)	31,484	3,100	34,584
Issue of ordinary shares net of transaction costs	1	472	–	–	–	–	473	–	473
Redemption of share options	–	–	468	–	–	–	468	–	468
Business combinations	–	–	–	–	–	–	–	1,450	1,450
Equity-settled share-based payments' charge	–	–	–	1,373	–	–	1,373	–	1,373
Dividends	–	–	–	(14,431)	–	–	(14,431)	(2,865)	(17,296)
Recognition of liabilities with non-controlling interest (Note 28)	–	–	–	(4,351)	–	–	(4,351)	–	(4,351)
Transactions with owners recorded directly in equity*	1	472	468	(17,409)	–	–	(16,468)	(1,415)	(17,883)
At 30 September 2021	566	133,551	(12,837)	121,619	125,842	(371)	368,370	12,547	380,917
Profit for the year	–	–	–	2,297	–	–	2,297	4,213	6,510
Other comprehensive income	–	–	–	–	–	6,655	6,655	3,611	10,266
Total comprehensive income	–	–	–	2,297	–	6,655	8,952	7,824	16,776
Issue of ordinary shares net of transaction costs	9	5,375	–	–	–	–	5,384	–	5,384
Redemption of share options	–	–	12,837	–	–	–	12,837	–	12,837
Business combinations (Note 4)	–	–	–	–	–	–	–	6,184	6,184
Equity-settled share-based payments' charge	–	–	–	6,223	–	–	6,223	–	6,223
Dividends	–	–	–	(15,969)	–	–	(15,969)	(2,467)	(18,436)
Changes in shareholding of subsidiaries (Note 24)	–	–	–	–	–	(2,625)	(2,625)	(2,054)	(4,679)
Equity contributions by non- controlling interest	–	–	–	–	–	–	–	5,728	5,728
Transactions with owners recorded directly in equity	9	5,375	12,837	(9,746)	–	(2,625)	5,850	7,391	13,241
At 30 September 2022	575	138,926	–	114,170	125,842	3,659	383,172	27,762	410,934

*Restated see note 29

Consolidated Statement of Cash Flows for the year ended 30 September 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Profit before tax		9,395	66,234
Adjustments for:			
Financial expenses	8	16,121	13,270
Depreciation	10,11	19,611	19,519
Amortisation of intangible assets	12	13,151	10,273
Sleep-in provision		-	(11,777)
Gain on bargain purchase		-	(5,758)
Share-based payments' charge	22	6,223	1,373
Other non-cash items		-	587
Operating cash flows before movement in working capital		64,501	93,721
Increase in inventory		(1,678)	(651)
(Increase)/decrease in trade and other receivables		1,892	(15,953)
Increase in trade and other payables		2,264	12,868
Cash inflows from operating activities		66,979	89,985
Tax paid		(8,895)	(6,038)
Net cash from operating activities		58,084	83,947
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		833	1,299
Business combinations net of cash acquired	4	(17,099)	(5,447)
Acquisition of property, plant and equipment	10	(31,400)	(28,993)
Acquisition of software	12	(3,425)	(2,938)
Payment of contingent consideration		(3,550)	(1,503)
Net cash used in investing activities		(54,641)	(37,582)
Cash flows from financing activities			
Proceeds from issue of shares net of transaction costs	23	-	941
Bank loan repaid	4	(4,251)	-
Repayment of shareholder loans		(1,610)	-
Contributions by non-controlling interest		5,728	-
Changes in shareholding in subsidiaries		(4,679)	-
Interest paid		(14,028)	(12,355)
Loan arrangement fees		-	(438)

Principal payment of lease liabilities		(5,747)	(5,777)
Dividends paid to non-controlling interest		(2,467)	(2,865)
Dividends paid	25	(15,969)	(14,431)
Net cash used in from financing activities		(43,023)	(34,925)
Net increase in cash and cash equivalents		(39,580)	11,440
Exchange differences on cash and cash equivalents		1,278	(153)
Cash and cash equivalents at 1 October	15	65,560	54,273
Cash and cash equivalents at 30 September	15	27,258	65,560

Notes to the Financial Statements

1. Background and basis of preparation

CareTech Holdings Limited (the 'Group', 'Company', or 'Parent Company') is a company registered and domiciled in England and Wales. The consolidated financial statements of the Company for the year ended 30 September 2022 comprise the Company and its subsidiaries (together referred to as the 'Group'). The consolidated financial statements are presented in pounds sterling, which is the Company's functional currency, rounded to the nearest thousand. The Parent Company financial statements on pages 78 to 85 present information about the Company as a separate entity and not about its Group.

The consolidated financial statements were approved for release by the Board of Directors on 26th June 2023.

Going concern

The Group's business activities together with the factors likely to affect its future development, performance and position are set out in the Group Executive Chairman's Statement and Strategic Report on pages 3 to 4 and pages 5 to 7 respectively. 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 a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. The Group therefore continues to adopt the going concern basis in preparing the consolidated financial statements.

The Directors have prepared cash flow forecasts for the going concern period to 30 June which is 12 months from the date of approval of these financial statements. On 7 October 2022, the Group's existing debt facilities were refinanced through new credit facilities with Ares Management Limited in connection with Amalfi Bidco Limited's acquisition of the Group. The Group will therefore meet its day to day working capital requirements through its cash reserves, and intercompany bank and shareholder loans. These forecasts take into account the expectation in relation to occupancy, fee rates, resident mix, care hours and costs (including agency), other costs and a full programme of maintenance capital expenditure. In addition, subsequent to year end, a number of properties have been utilised as part of a sale package, subject to long-term lease agreements. The proceeds generated of £302.5m have been used to pay, in part, the new credit facilities with Ares Management Limited. The Board has also modelled several forecasts inclusive of downside sensitivities.

All forecasts, including the downside sensitivities and reverse stress test indicate that the Company will have sufficient cash resources for the going concern period. In addition, there are a number of discretionary expenditures which could be reduced if necessary, and sufficient assets on the balance sheet that could be used to raise additional cash if required.

Consequently, the Directors are confident that the Company will have sufficient resources 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.

2. Accounting policies

(a) Applicable accounting standards

The Group financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards in conformity 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.

New and amended standards and interpretations effective in the year

Title	Subject	Effective date per standard
Amendment to IFRS 16 'Leases' COVID-19 – Related Rent Concessions beyond 30 June 2021	COVID-19 – Related Rent Concessions	1 April 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021

Issued IFRS not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and these have not been applied early by the Group. Management anticipates that the following pronouncements relevant to the Group's operation will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement, once adopted by the EU:

Title	Subject	Effective date per standard
Reference to the Conceptual Framework	Amendments to IFRS 3 – Outdated reference	1 January 2022
Property, Plant and Equipment — (Amendments to IAS 16)	Proceeds before Intended Use	1 January 2022
Onerous Contracts — (Amendments to IAS 37)	Cost of fulfilling a Contract	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41	1 January 2022
Amendments to IAS 1, presentation of financial statements on classification of liabilities	Narrow scope amendments to IAS 1, clarity on classification of liabilities as current or non-current	1 January 2024
Narrow scope amendments to IAS 1, practice statement 2 and IAS 8	Improved accounting policy disclosures	1 January 2023
Amendments to IAS 12 deferred tax related to assets and liabilities arising from a single transaction	Recognition of deferred tax on transactions that, on 1 January 2023 initial recognition give rise to equal amounts of taxable and deductible temporary differences	1 January 2023

The Directors expect that the adoption of the standards listed above will not have a material impact on the financial information of the Group in future reporting periods.

(b) Measurement convention

The financial statements are prepared on the historical cost basis except that derivative financial instruments are stated at their fair value and contingent consideration is stated at fair value through profit or loss.

(c) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 September 2022. All subsidiaries have a reporting date of 30 September, except for AS Investment Holdings Ltd, AS1 Investment Holdings Ltd, AS2 Investments Holdings Ltd, AS3 Investment Holdings Ltd, AS4 Investment Holdings Ltd, and their respective operating entities in the United Arab Emirates (UAE) (the 'AS Group'), which has a year end of 31 December as this their statutory reporting date. All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Subsidiaries are only consolidated where control exists. Control is determined to exist when the Group has power

over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

(d) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of replacing an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

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 and depreciated separately.

Depreciation is charged to the consolidated income statement over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The Directors reassess the residual value estimates, particularly in respect of properties, on an annual basis. The estimated useful lives are as follows:

- | | |
|------------------------------------|-------------------------------------|
| • buildings | 2% straight-line to residual value; |
| • fixtures, fittings and equipment | 15% straight-line; and |
| • motor vehicles | 25% reducing balance. |

Assets under construction are not depreciated until they are available for use.

(e) Intangible assets and goodwill

All business combinations are accounted for by applying the acquisition method as described in note 4. Goodwill represents the excess of the fair value of the consideration over the fair value of the assets, liabilities and contingent liabilities acquired on acquisition of subsidiaries. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

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.

Negative goodwill (bargain purchase credit) arising on an acquisition is recognised immediately in the consolidated income statement.

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

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Included within software are development costs in relation to software which are capitalised when the related projects meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

- (a) technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) it can be demonstrated that the asset will generate probable future economic benefits;
- (c) adequate technical, financial and other resources are available to complete the development;
- (d) the expenditure attributable to the intangible asset can be reliably measured; and
- (e) management has the ability and intention to use or sell the asset.

These projects are designed to enhance the existing software within the Group. Salaries associated with development time and directly attributable overheads are capitalised within intangible assets.

Development costs recognised as assets are amortised on a straight-line basis over their expected useful life. Development expenditure is only amortised over the period the Group is expected to benefit and is subject to annual impairment testing.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Amortisation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. The estimated useful lives are as follows:

- customer relationships 1–20 years;
- brands 10–20 years;
- internally developed software 5 years; and
- software and licences over the life of the contract

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on a first-in first-out cost basis.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from inception.

(h) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Financial assets at amortised cost.
- Financial assets/liabilities held at fair value through profit or loss ('FVTPL').

FVTPL assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

All income and expenses relating to financial assets that are recognised in the consolidated income statement are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other administrative expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual

cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in the consolidated income statement. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in consolidated income statement are included within finance costs or finance income.

From time to time, the long-term debt held by the Group are either refinanced as these come to maturity, or the margin on these facilities moves in line with the ratio of the Group's net debt to adjusted EBITDA. In either scenario, the Group reviews whether the debt is accounted for as a modification or an extinguishment of the liability. A substantial modification should be accounted for as an extinguishment of the existing liability and the recognition of a new liability. A non-substantial modification should be accounted for as an adjustment to the existing liability. Both the quantitative and qualitative aspects of the modification are taken into account to ascertain whether the modification is substantial and these can include the change in covenants, repayment dates and the effective interest rate. If modification accounting is adopted, the carrying value of the existing liability is adjusted for fees paid or costs incurred and the effective interest rate is amended at the modification date. If extinguishment accounting is adopted, the existing liability is de-recognised and the new or modified liability is recognised at its fair value, the gain or loss equal to the difference between the carrying value of the old liability and the fair value of the new one is recognised, any incremental costs or fees incurred and any consideration paid or received is recognised in profit or loss and a new effective interest rate for the modified liability is calculated and used in future periods.

Derivative financial instruments

From time to time, the Group enters into derivative financial instruments, such as interest rate swaps, to manage its exposure to interest rate risk. The Group also enters into put and call options on certain acquisitions.

Derivatives are initially recognised at fair value at the date a derivative is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in the consolidated income statement immediately. A derivative is presented as a non-current asset or non-current liability if the Group has an unconditional right to defer payment beyond 12 months. Otherwise, derivatives are presented as current assets or liabilities.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due in order to measure expected credit losses. Contract assets related to unbilled work in progress have substantially the same risk characteristics as trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 48 months and before 30 September 2021 and 30 September 2022 respectively as well as the correspondingly historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. Expected credit losses are calculated in accordance with the simplified approach permitted by IFRS 9, using a provision matrix applying lifetime historical credit loss experience to the trade receivables. The expected credit loss rate varies depending on whether, and the extent to which, settlement of the trade receivables is overdue and it is also adjusted as appropriate to reflect current economic conditions and estimates of future conditions. For the purpose of determining credit loss rates, customers are classified into groupings that have similar loss patterns. The key driver of the loss rate is the type of customer. The vast majority of the Group's customers are state-owned entities such as local authorities. As such, credit loss is not expected to increase significantly since initial recognition.

(i) Impairment (excluding deferred tax assets)

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill and assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date. For goodwill and assets which are not amortised or depreciated, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. This includes right-of-use assets, which cannot be operated independently.

Reversals of impairment

An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. Any impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist or 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.

(j) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between proceeds (net of transaction costs) and the redemption value being recognised in the consolidated income statement over the period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Interest on qualifying assets is capitalised in accordance with IAS 23 borrowing costs. Refer to note 10.

(k) Employee benefits**Defined contribution plans**

Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement as incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model (Black-Scholes valuation model), taking into account the terms and conditions upon which the options were granted. The amount recognised on exercise as an expense is adjusted to take into account an estimate of the number of shares that are expected to vest as well as to reflect the actual number of share options that vest, except where forfeiture is due only to share prices not achieving the threshold for vesting. Options lapsed are

expunged from the relevant scheme. In the event of options cancelled or settled during the vesting period, the charge is recognised immediately for the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

Employee Benefit Trust

The assets and liabilities of the Employee Benefit Trust ('EBT') have been included in the consolidated financial statements. Any assets held by the EBT cease to be recognised on the consolidated balance sheet when the assets vest unconditionally in identified beneficiaries.

The costs of purchasing own shares held by the EBT are shown as a deduction against equity. The proceeds from the sale of own shares held increased equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the consolidated income statement.

(l) Provisions

A provision, other than provisions for deferred taxation, is recognised in the balance sheet where a reliable estimate can be made when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk adjusted, and future cash flows at a pre-tax risk-free rate.

(m) Revenue

IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers. It focuses on the identification of performance obligations in a contract and requires revenue to be recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue arises mainly from the provision of care and educational services to vulnerable adults and children, fostering and the sale of hardware and software.

Income which has been invoiced but irrecoverable is treated as a bad debt expense. Revenue invoiced in advance is included in deferred revenue until the service is provided. Revenue is recognised net of VAT and credit notes.

Care services

Revenue from the sale of care services provided to vulnerable adults and children is recognised as the services are provided. Care services are consumed as soon as they are provided and performance obligations are satisfied when services are rendered to the client. There are no significant financing components and invoice payment terms are typically 30 days.

Our contracts provide that the Group is entitled to consideration based on the amount of care services delivered (for example number of days' worth of care delivered in the period) and an agreed rate. On this basis, the Group have applied the practical expedient set out in IFRS 15 para 121. There are no significant judgements used in the recognition of revenue.

Revenue in respect of the provision of care services is measured as the fair value of fee income received or receivable in respect of the services provided and is recognised in respect of the care that has been provided in the relevant period. Any additional services provided by the Group are recognised as the services are provided.

Educational services

Revenue in respect of educational services is recognised when the young person is in school, over the academic year, as this is when the service user is receiving the educational services.

Consideration is determined by the contractually agreed amount for each placement with payment for each term typically received in advance.

Fostering services

For Foster Care, the Group is acting as a principal as contracts are between the Group and local authorities and separately between the Group and foster carers with a number of performance conditions attached to each.

Foster Care revenue is recognised on the basis of the daily placements made with a full day's revenue recognised for every night a placement is with a foster carer at an agreed rate.

Hardware and software

Revenue from the sale of hardware and software for a fixed fee is recognised when or as the Group transfers control of the assets to the customer. Invoices for goods or services transferred are due upon receipt by the customer, payment terms are typically 30 days. Control transfers at the point in time the customer takes undisputed delivery of the goods.

The Group provides a one- or two-year manufacturer's warranty (extended by our suppliers) on hardware products. Communication devices manufactured by Smartbox are sold with a Smart Care extended warranty. Under the terms of the warranty customers can return the product for repair or replacement if it fails to perform in accordance with published specifications. These warranties are accounted for under IAS 37.

The Group sells monthly software subscriptions and perpetual licences. For sales of software the licence period commences upon delivery.

Contract assets and liabilities/accrued and deferred income

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as deferred income in the balance sheet (see note 16). An example of this is where the Group will invoice in advance for education services. This is held in deferred income until the service has been provided.

Similarly, the Group recognises a contract asset where a contract has been agreed with a customer and a service user has been admitted to our facilities but no sales invoice has been issued. This is disclosed as accrued income.

The Group will estimate the accrued income using the agreed contractual rate and the number of days where the service user was receiving care from the Group.

(p) Expenses

Financing costs

Financing costs, comprising interest payable on bank loans and overdrafts, finance charges on finance leases, the unwinding of the discount on provisions and the costs incurred in connection with the arrangement of borrowings are recognised in the consolidated income statement using the effective interest method.

Interest payable is recognised in the consolidated income statement as it accrues, using the effective interest method. Financing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset.

Financing costs also include losses arising on the change in fair value of derivatives that are recognised in the consolidated income statement.

(q) Leased assets

The Group as a lessee

For any new contracts entered into, the Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are:

- Contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to restore the asset at the end of the lease to its original condition, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets and lease liabilities have been disclosed separately.

(r) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the consolidated 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 on the taxable income for the year, using tax rates and laws 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 and laws 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 asset can be utilised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date.

(s) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. The calculation of contingent consideration is based on the provisions included in the sale and purchase agreement of each acquisition and is updated if circumstances change. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are measured at their acquisition-date fair values. The Group recognises non-controlling interests in an acquired entity at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

(t) Government grants

Government grants are recognised only when there is reasonable assurance that the Group will comply with any conditions attached to the grant and the grant will be received. The grants are recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. A grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, is recognised as income in the period in which it is receivable.

3. Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In the process of applying the Group's accounting policies, the Directors have made the following estimates and judgements which have the most significant effect on the amounts recognised in the financial statements:

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Goodwill

The Group annually tests whether there is any impairment in goodwill, in accordance with the accounting policy outlined in note 12. Determining whether goodwill is impaired requires comparison of the value in use for the relevant CGUs to the assets attributable to these CGUs. The value-in-use calculation is based on an estimate of future cash flows expected to arise from the CGUs and these are discounted to net present value using an appropriate discount rate. In calculating value in use, management judgement is required in forecasting cash flows of cash-generating units, in determining terminal growth values and in calculating an appropriate discount rate. The goodwill impairment test is sensitive to these estimates. The Group has performed sensitivity analysis over the value-in-use calculation with respect to the key estimates. The discount rates applied in these calculations are disclosed in note 12.

Judgements

Capitalised development costs

Capitalisation of development costs within software and licences requires the Directors to make judgements in allocating staff time appropriately to relevant projects and in assessing the technical feasibility and economic potential of those projects as well as forecasts for the useful economic life of each asset have been used. The useful economic life of development costs is determined to be five years.

CareTech Charitable Foundation

Judgement is required in determining whether the Group has control of the CareTech Charitable Foundation (the 'Foundation'). In assessing control, the Group has assessed whether it is exposed, or has rights, to variable returns from its involvement in the Foundation. Consideration has been given to the fact the Group cannot directly appoint or remove a Trustee but can remove a member and veto the appointment of a new member. The membership of the charitable company is restricted to the independent Trustees and relevant activities of the charity governed by the Board of Trustees. Given the majority of the Trustees are Group employees, an assessment has been made as to whether the Group employees are able to exercise control and therefore generate variable returns.

The Foundation's Trustees owe very strict legal duties under the Charity Commission to act as fiduciaries and each Trustee must act independent of its own interest or indeed anyone else's save for those of the charity. Based on these legal duties, the Directors have used their judgement that a Foundation Trustee could not act on behalf of a third party if acting in compliance with their duties and how the law permits and therefore the Group does not control the Foundation.

4. Business combinations

(a) Acquisition of REHAVISTA

On the 29 November 2021, the Group acquired a 100% holding in REHAVISTA GmbH and its subsidiary LogBUK (Collectively "REHAVISTA") Germany's largest provider of augmentative and alternative communication (AAC) products and services, employing over 170 staff. The company, which has six offices across Germany, provides a range of AAC and assistive technology products and has a strong reputation for excellent service. LogBUK is a subsidiary company to REHAVISTA, providing independent speech and language therapy to help AAC users achieve the best outcomes through specialist clinical support.

REHAVISTA's reach and expertise is unparalleled in Germany, estimated to be the second largest funded AAC market globally after the USA. With its deep knowledge of assistive technology and established routes to market, this acquisition provides a significant opportunity for the Group to expand the products and services available in Germany.

The acquisition table is as follows:

	Book values £000s	Fair value adjustments £000s	Total £000s
Intangible assets	24	839	863
Goodwill	31	(31)	-
Property plant & equipment	471	-	471
Right-of-use asset	900	-	900
Trade and other receivables	1,488	(131)	1,357
Inventory	1,466	-	1,466
Cash	175	-	175
Corporation tax	(61)	-	(61)
Deferred tax	-	(268)	(268)
Trade and other payables	(1,846)	-	(1,846)
Lease liability	(900)	-	(900)
Loans and other borrowings	(578)	-	(578)
Net assets on acquisition	1,170	409	1,579
Consideration paid			8,573
Goodwill			6,994
Consideration paid was:			£000
Cash			8,295
Deferred consideration			278
Total consideration			8,573
Reconciliation to the cash flow statement			£000
Cash paid			8,295
Cash acquired			(175)
Payments for business combination net of cash acquired			8,120

Goodwill arises as a result the surplus of consideration over the fair value of the separately identifiable assets acquired.

Costs relating to this acquisition are expensed in the Income Statement in accordance with IFRS3.

Goodwill is attributable to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised, these include value of the assembled workforce within the business acquired. Other intangible assets acquired relate to the REHAVISTA trade name.

Costs relating to this acquisition of £55k have been expensed in the Income Statement in accordance with IFRS3 and included in administrative expenses.

Judgement is required in determining the fair value adjustments as part of business combinations and for the fair value of intangible assets a third-party specialist has been engaged. An intangible asset relating to trade name £0.8m was recognised on acquisition. A respective deferred tax liability of £0.3m was raised.

REHAVISTA contributed revenue of £12.1m and a loss of £0.6m to the Group's profit after tax for the year between the date of acquisition and the balance sheet date. Had the acquisition of REHAVISTA occurred from the first day of the year, the Groups revenue would be higher by £2.4m and profit before tax lower by £0.2m.

(b) Acquisition of Dmetco-Bayti

On 4 February 2022, the Group completed two further acquisitions in the United Arab Emirates (UAE), Wellness Center ('Wellness') and Dmetco-Bayti Group ('Dmetco').

Dmetco-Bayti is a well-established home healthcare provider managing the daily health and social care needs of its patients across the UAE through two home-grown brands, namely Dmetco Home Healthcare and Bayti Home Healthcare. Established in 2012, it provides home healthcare and physiotherapy services in the emirate of Abu Dhabi, primarily to UAE nationals, through a team of over 150 registered healthcare professionals. Dmetco-Bayti also caters to patients who require physiotherapy and rehabilitation services. The estimated patient size for in-home health and social care services in the UAE is 10,000, with Dmetco-Bayti currently managing 120 individuals.

AS Group has acquired a 70% interest in Dmetco-Bayti paying upfront consideration of £7.3m in cash with a further £3.2m in cash deferred and £0.6m in cash payable through an earn-out mechanism. The Group expects the earn-out to be paid over a two year period from the date of completion and has valued the contingent consideration at the fair value on acquisition date. The expected range of the amount payable is between £0 to £1.0m. The transaction has been funded by the Group's existing cash resources and debt facility.

The acquisition table for Dmetco-Bayti is as follows:

	Book values £000s	Fair value adjustments £000s	Total £000s
Intangible assets	-	7,166	7,166
Property plant & equipment	91	-	91
Trade and other receivables	1,226	(86)	1,140
Cash	1,150	-	1,150
Trade and other payables	(746)	-	(746)
Loans and other borrowings	(707)	-	(707)
Net assets on acquisition	1,014	7,080	8,094
Less: Non-controlling interest			(2,429)
			5,665
Consideration paid			11,116
Goodwill			5,451
Consideration paid			
Cash			7,256
Deferred consideration			3,237
Contingent consideration			623
Total consideration			11,116
Cash paid			7,256
Cash acquired			(1,150)
Payments for business combination net of cash acquired			6,106

Goodwill arises as a result the surplus of consideration over the fair value of the separately identifiable assets acquired.

Costs relating to the Dmetco and Wellness acquisitions of £404k have been expensed in the Income Statement in accordance with IFRS3 and included in administrative expenses.

Goodwill is attributable to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised, these include value of the assembled workforce within the business acquired. Other intangible assets acquired comprise customer relationships and the Dmetco-Bayti trade name.

Judgement is required in determining the fair value adjustments as part of business combinations and for the fair value of intangible assets a third-party specialist has been engaged. Intangible assets of £7.2m were recognised on acquisition related to customer relationships, £6.4m and trade name, £0.8m.

Dmetco-Bayti contributed revenue of £5.6m and £0.1m to the Group's profit after tax for the year between the date of acquisition and the balance sheet date. Had the acquisition of Dmetco-Bayti occurred from the first day of the year, the Groups revenue would be higher by £2.8m and profit before tax higher by £0.1m.

(c) Acquisition of Wellness Group

Established in 2015 by Shafqat Malik, co-founder and CEO of AS Group, the Abu Dhabi-based Wellness Group provides integrated physical health consultations and surgical services serving c.7000 patients per month. The Wellness Group's operations are an integral part of the founders' vision to provide a continuum of care for AS Group's mental healthcare patients through quality day care, GP and other specialist services. Over 72% of the Groups' revenues are backed by health insurance schemes.

CareTech has acquired a 51% interest in the Wellness Group and has paid an upfront consideration of £3.8m in cash with a further £3.4m in cash deferred and £0.5m in cash contingent. An additional £4.3m was paid in cash to settle the existing bank loans of Wellness. The Group expects contingent consideration to be paid over a two-year period from the date of completion. The expected range of the amount payable is between £0 to £0.5m. The transaction has been funded by the Group's existing cash resources and debt facility.

The acquisition table for Wellness is as follows:

	Book values £000s	Fair value adjustments £000s	Total £000s
Intangible assets	-	10,185	10,185
Property plant & equipment	1,025	-	1,025
Right-of-use asset	150	-	150
Trade and other receivables	2,104	(73)	2,031
Inventories	152	-	152
Cash	884	-	884
Trade and other payables	(2,227)	-	(2,227)
Lease liability	(241)	-	(241)
Loans and other borrowings	(4,251)	-	(4,251)
Net assets on acquisition	(2,404)	10,112	7,708
Less: Non-controlling interest			(3,740)
			3,968
Consideration paid			7,655
Goodwill			3,687
Consideration paid			
Cash			3,757
Deferred consideration			3,405
Contingent consideration			493
Total consideration			7,655
Cash paid			3,757
Cash acquired			(884)
Payments for business combination net of cash acquired			2,873

Goodwill arises as a result the surplus of consideration over the fair value of the separately identifiable assets acquired.

Costs relating to the Dmetco and Wellness acquisitions of £404k have been expensed in the Income Statement in accordance with IFRS3 and included in administrative expenses.

Goodwill is attributable to the future economic benefits arising from assets which are not capable of being individually identified and separately recognised, these include value of the assembled workforce within the business acquired. Other intangible assets acquired comprise customer relationships and the Wellness trade name.

Judgement is required in determining the fair value adjustments as part of business combinations and for the fair value of intangible assets a third-party specialist has been engaged. Intangible assets of £10.1m were recognised on acquisition related to customer relationships, £9.3m and trade name, £0.8m.

The Wellness Group contributed revenue of £8.1m and £1.2m to the Group's profit after tax for the year between the date of acquisition and the balance sheet date. Had the acquisition of Wellness group occurred from the first day of the year, the Groups revenue would be higher by £4.1m and profit before tax higher by £0.5m.

(d) Acquisition of Talk To Me Technologies

In June 2023, Smartbox Holdings acquired Talk To Me Technologies (TTMT), a leading supplier of Augmentative and Alternative Communication (AAC). TTMT was founded in 2006 and headquartered in Cedar Falls, Iowa. TTMT's produce line offers twelve AAC solutions including Wego, Zuvo and Eyespeak families of communication systems. TTMT is also the creator of the Zoom, OnWord, QuickStep, and Universal Core vocabulary page sets as well as the Spark Symbol Set library. For the year ended 31 December 2022, TTMT had \$20.7m revenue and \$4.9m EBITDA on a US GAAP basis.

5. Revenue

Revenue is analysed by class of business as follows:

	2022 £000	2021 £000
Care services	483,232	476,187
Digital technology	27,483	12,932
Total	510,715	489,119

Operations of the Group are primarily carried out in the UK, the Company's country of domicile. The AS Group, registered in the ('UAE') has generated revenue in the UAE of £44.5m (2021: £25.1m), in addition revenue by the Smartbox Group has been generated in Europe of £16.8m (2021: £4.5m), North and Central America of £3.6m (2021: £2.1m), Australasia of £0.8m (2021: £0.6m), and Middle East and Africa of £1.1m (2021: £0.7m). All other revenues arise within the UK.

6. Operating profit

Operating profit for the year is stated after charging:

	2022 £000	2021 £000
Fees payable to the Group's auditor and its associates for the audit of the consolidated Parent and Parent Company's annual accounts	685	554
Fees payable to the Group's auditor and its associates for the audit of the accounts of subsidiaries	61	52
Audit related assurance services	33	30
Agency costs	28,530	18,313
Foster parent pay	17,252	19,385
Delisting costs	15,161	–
Repairs and maintenance	4,908	5,578
Covid-19 expenses	5,811	4,220

7. Staff numbers and costs

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

	Number of employees	
	2022	2021
Operational and service delivery staff	10,427	10,144
Maintenance	153	119
Management and administration	893	787
	11,473	11,050

The aggregate employee costs of these persons (including Directors) were as follows:

	2022 £000	2021 £000
Wages and salaries	268,779	256,443
Share-based payments' charge*	6,223	1,376
Social security costs	23,496	21,586
Other pension costs	5,747	5,693
	304,245	285,098

* Share-based payments' charge includes £1,040,000 (2021: £473,000) which relates to the Executive Share Ownership Scheme, the Sharesave Scheme 2017 and the Approved Share Option Plan 2015, and £5,183,000 (2021: £902,000) relating to the Long-Term Incentive Plan.

The aggregate payroll costs of the Group's Directors were as follows:

	2022 £000	2021 £000
Wages and salaries	4,243	2,425
Benefits	217	280
Other pension costs	178	150
	4,638	2,855

Emoluments of the highest paid director were £1,602k (2021: £1,116k), which includes contributions of £nil (2021: £nil) to a defined contribution pension scheme. There were no other benefits owed to directors at year end (2021: £nil). All four directors including the highest paid director exercised share options (2021: none).

Post employment benefits are accruing for no directors (2021: one) under a defined contribution pension scheme.

8. Finance expenses

	2022 £000	2021 £000
Interest expense on financial liabilities at amortised cost:		
On bank loans and overdrafts	11,336	8,236
Finance charges in respect of leases	4,237	3,922
Derivative financial instruments	82	64
Ground rent lease imputed interest	466	466
Interest on contingent consideration	—	582
Total finance expenses	16,121	13,270

9. Taxation

(a) Recognised in the consolidated income statement

	2022 £000	2021 £000
<i>Current tax income/(expense)</i>		
Current year	(2,052)	(9,581)
Prior year adjustments	728	505
Total current tax	(1,324)	(9,076)
<i>Deferred tax expense</i>		
Current year	(1,604)	(21,406)
Prior year adjustments	43	(424)
Total deferred tax	(1,561)	(21,830)
Total tax in the consolidated income statement	(2,885)	(30,906)

(b) Reconciliation of effective tax rate

	2022 £000	2021 £000
Profit before tax for the year	9,395	66,234
Tax using the UK corporation tax rate of 19.0% (2021: 19.0%)	1,785	12,584
Non-deductible expenses including impairment charge	2,998	1,624
Income not taxable	(184)	(3,866)
Other tax adjustments	433	(729)
Capital allowances super deduction	(686)	(443)
Effect of overseas tax rates	(982)	(553)
Change in tax rate	292	22,077
Current tax prior year adjustments	(728)	(294)
Deferred tax prior year adjustments	(43)	506
Total tax in the consolidated income statement	2,885	30,906

10. Property, plant and equipment

	Land and buildings £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 October 2020	575,189	62,028	9,442	646,659
Acquisitions through business combinations	440	–	–	440
Additions	12,909	16,222	–	29,131
Disposals	(788)	(146)	(2,939)	(3,873)
At 30 September 2021	587,750	78,104	6,503	672,357
At 1 October 2021	587,750	78,104	6,503	672,357
Acquisitions through business combinations	–	1,579	–	1,579
Additions	12,787	18,207	–	30,994
Reclassifications	–	(2,979)	–	(2,979)
Disposals	(437)	(34,568)	(1,452)	(36,457)
At 30 September 2022	600,100	60,343	5,051	665,494
Depreciation and impairment				
At 1 October 2020	9,114	26,629	6,820	42,563
Depreciation charge for the year	1,228	10,095	1,161	12,484
Disposals	(82)	(243)	(1,847)	(2,172)
At 30 September 2021	10,260	36,481	6,134	52,875
At 1 October 2021	10,260	36,481	6,134	52,875
Depreciation charge for the year	1,160	10,889	3	12,052
Reclassifications	–	(771)	–	(771)
Disposals	(15)	(34,541)	(1,107)	(35,663)
At 30 September 2022	11,405	12,058	5,030	28,493
Net book value				
At 30 September 2021	577,490	41,623	369	619,482
At 30 September 2022	588,695	48,285	21	637,001

Included in the result for the year is a profit of £19,000 (2021: £242,000) on the disposal of freehold property, plant and equipment, and motor vehicles.

The market value of land and building held at 30 September 2022 was £930m of which £468m is held as security for borrowings.

There were assets under construction to the value of £8.6m (2021: £14.3m) at year end.

On 1 October 2021 tangible assets with a net book value to the amount of £2.2m has been reclassified to intangible assets.

11. Leases

Right-of-use assets

	Land and buildings £000	Motor vehicles £000	Equipment £000	Total right-of-use assets £000
Gross carrying amount				
Balance 1 October 2020	85,034	8,115	698	93,847
Additions	40,079	2,397	–	42,476
Balance at 30 September 2021	125,113	10,512	698	136,323
Balance 1 October 2021	125,113	10,512	698	136,323
Additions	6,249	3,000	355	9,604
Balance at 30 September 2022	131,362	13,512	1,053	145,927
Depreciation and impairment				
Balance 1 October 2020	3,686	2,027	344	6,057
Depreciation	4,746	1,948	341	7,035
Balance at 30 September 2021	8,432	3,975	685	13,092
Balance 1 October 2021	8,432	3,975	685	13,092
Depreciation	5,281	2,158	120	7,559
Balance at 30 September 2022	13,713	6,133	805	20,651
Net book value				
Carrying amount 30 September 2021	116,681	6,537	13	123,231
Carrying amount 30 September 2022	117,649	7,379	248	125,276

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

Lease liability

Lease liabilities are presented in the statement of financial position as follows:

	2022 £000	2021 £000
Current	6,516	5,500
Non-current	121,308	118,781
	127,824	124,281

The Group has leases for land and buildings, motor vehicles and office equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the

end of the lease, or to extend the lease for a further term. Leases which contain an option to purchase for a peppercorn rate or an option to extend have been included in line with the accounting policy in the measurement of the liability and are not considered a significant judgement. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over land and buildings the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 September 2022 were as follows:

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	After 5 years	Total
30 September 2022							
Lease payments	10,933	10,111	8,514	7,115	6,709	389,233	432,615
Finance charges	(4,417)	(4,131)	(3,895)	(3,739)	(3,625)	(284,984)	(304,791)
Net present values	6,516	5,980	4,619	3,376	3,084	104,249	127,824
30 September 2021							
Lease payments	9,565	9,511	7,815	6,767	6,474	392,069	432,201
Finance charges	(4,065)	(3,895)	(3,741)	(3,742)	(3,642)	(288,835)	(307,920)
Net present values	5,500	5,616	4,074	3,025	2,832	103,234	124,281

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low-value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

Interest expense on lease liabilities for the year ended 30 September 2022 was £4,237,000 (2021: £3,510,000).

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2022 £000	2021* £000
Short-term leases	2,391	2,541
Leases of low-value assets	50	11
	2,441	2,552

*Restated see note 29

At 30 September 2022 the Group was committed to short-term leases and the total commitment at that date was £407,000 (2021: £517,000).

Total cash outflow for leases for the year ended 30 September 2022 was £12,943,000 (2021: £12,712,000*).

*Restated see note 29

12. Intangible assets

	Goodwill £000	Software and licences £000	Customer relationships £000	Technology £000	Brands £000	Total £000
Cost						
At 1 October 2020	86,632	25,434	121,191	–	–	233,257
Acquisitions through business combinations	3,468	–	7,428	3,393	963	15,251
Exchange adjustments	(194)	–	(430)	–	–	(624)
Additions for the year	–	2,868	–	–	–	2,868
Adjustments*	(1,012)	–	–	–	–	(1,012)
At 30 September 2021	88,894	28,302	128,189	3,393	963	249,740
At 1 October 2021	88,894	28,302	128,189	3,393	963	249,740
Acquisitions through business combinations	16,125	–	15,743	–	2,447	34,315
Exchange adjustments	3,097	–	5,179	–	–	8,276
Reclassifications	–	2,979	–	–	–	2,979
Additions for the year	–	3,445	–	–	–	3,445
At 30 September 2022	108,116	34,726	149,111	3,393	3,410	298,755
Amortisation and impairment						
At 1 October 2020	2,028	18,707	44,834	–	–	65,569
Amortisation charge for the year	–	3,265	6,232	679	97	10,273
At 30 September 2021	2,028	21,972	51,067	679	97	75,842
At 1 October 2021	2,028	21,972	51,067	679	97	75,842
Reclassifications	–	771	–	–	–	771
Amortisation charge for the year	–	5,796	6,353	679	323	13,151
At 30 September 2022	2,028	28,539	57,420	1,358	420	89,764
Net book value						
At 30 September 2021	86,866	6,330	77,122	2,714	866	173,898
At 30 September 2022	106,088	6,187	91,691	2,035	2,990	208,991

On 1 October 2021 tangible assets with a net book value to the amount of £2.2 been reclassified to intangible assets.

Development costs amounting to £411k during the year have been capitalised to software (2021: £546k) with associated amortisation costs of £177k (2021: £31k). Research costs expensed in line with the accounting policy amounted to £43k (2021: £95k).

* Adjustments relate to certain investments which historically have been included within goodwill. In the prior year these have been reclassified and ultimately impaired in full.

Amortisation

The amortisation charge is recognised in the following line items in the consolidated income statement:

	2022 £000	2021 £000
Administrative expenses	13,151	10,273

Impairment testing for cash-generating units containing goodwill

The Group tests goodwill for impairment on an annual basis by considering the recoverable amount of individual cash-generating units ('CGUs') against carrying value.

For the purpose of annual impairment testing, goodwill is allocated into five identifiable CGUs: Adults Services, Children's Services, Foster Care, Middle East and Digital Technology. This broadly aligns to the reported operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises, with exception to Middle East. Whilst Middle East performs Adults Services and Children's Services, given its geographical location, it has been identified as a separate CGU. This is the lowest level at which goodwill is monitored for impairment by management. There are no intangible assets with indefinite useful lives (other than goodwill).

The carrying value of goodwill is split between the following cash-generating units:

	2022 £000	2021 £000
Adults Services	27,438	27,271
Children's Services	44,769	44,769
Foster Care	7,162	7,162
Middle East	16,027	4,196
Digital Technology	10,692	3,468
	106,088	86,866

During the year the Group carried out a review of the recoverable amount of its goodwill throughout the business. The recoverable amount, which is the higher of fair value less cost to sell and the value in use, has been determined initially based on value-in-use calculations. These calculations use cash flow projections for operational assets at the balance sheet date based on financial budgets approved by the Board of Directors for the forthcoming year (year ended 30 September 2023) which are based on assumptions of the business, industry and economic growth. The approved budgets for the year ended 30 September 2023 are extrapolated using the 2 to 5 year growth rate, and then into perpetuity using the long-term growth rate which does not exceed the expected long-term economic growth rate.

The key assumptions for the period over which management approved forecasts are based and, beyond this, for the value-in-use calculations overall, are those regarding discount rates, growth and occupancy rates, achievement of future revenues and expected changes in direct costs during the periods. Management estimates discount rates using pre-tax rates that reflect the market assessment of the time value of money as at each balance sheet date, adjusted for the risks specific to the CGU.

In arriving at the values assigned to each key assumption management make reference to past experience and external sources of information regarding the future – for example changes in tax rates. The key features of these calculations are shown below:

	2022	2021
Period over which management approved forecasts are based - All	1 year	1 year
Adults Services, Children's Services, Foster Care and Digital Technology		
Two-to-five-year growth rate	4.0%	3.5%
Long-term growth rate	2.5%	2.5%
Middle East		
Two-to-five-year growth rate	2.5%	3.5%
Long-term growth rate	2.0%	2.5%
Pre-tax discount rate		
Adult Services	9.1%	8.6%
Children's Services	10.4%	10.0%
Foster Care	10.4%	10.0%
Middle East	15.3%	15.0%
Digital Technology	10.3%	12.5%

Sensitivities

A sensitivity analysis has been performed on each of the base case assumptions used for assessing the goodwill with other variables held constant. Consideration of sensitivities to key assumptions can evolve from one financial year to the next. The Directors consider that a reasonable possible change in assumptions would be a decrease in long-term growth rate of 0.5%, an increase in pre-tax discount rate of 50 basis points, or a reduction in budgeted cash flows of 5%.

None of these sensitivities would result in an impairment in the existing CGUs, however Middle East is considered sensitive due to the impact to the headroom on account of changes to assumptions.

For Middle East the current headroom is £4.5m. The impact of the above reasonable changes are as follows:

- A decrease in long-term growth rate by 0.5% results in a headroom of £2.2m.
- An increase in pre-tax discount rate of 50 basis points results in a headroom of £4.5m.
- A reduction in budgeted cash flows of 5% results in an impairment of £0.7m.

The Directors have also considered the amount by which the value assigned to each key assumption must change, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, in order for the Middle East CGU's recoverable amount to be equal to its carrying amount as follows:

- A decrease in long-term growth rate by 1.1%.
- An increase in pre-tax discount rate of 90 basis points.
- A reduction in budgeted cash flows of 6.0%.

The Directors believe that, notwithstanding the sensitivity of Middle East, there is no requirement for an impairment provision on the carrying value of the CGUs.

13. Inventories

	2022 £000	2021 £000
Consumables	1,224	814
Raw materials	5,540	2,654
	6,764	3,468

In 2022, a total of £14,771,000 (2021: £10,118,000) of inventories was included in profit or loss as an expense.

14. Trade and other receivables

	2022 £000	2021 £000
Trade receivables (Note 26)	59,420	53,823
Other debtors and prepayments	25,147	5,606
Accrued income (Note 16)	8,554	12,177
	93,121	71,606

15. Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	27,258	65,560

There are no restrictions on cash at bank and in hand.

16. Accrued income and deferred income

	Accrued income £000	Deferred income £000
At 1 October 2020	8,426	(30,309)
Accrued revenue invoiced	(8,426)	-
Revenue recognised in the reporting period	-	30,309
Revenue billed in period but relates to future periods	-	(36,132)
New accrued revenue	12,177	-
At 30 September 2021	12,177	(36,132)
At 1 October 2021	12,177	(36,132)
Accrued revenue invoiced	(12,177)	-
Revenue recognised in the reporting period	-	36,132
Revenue billed in period but relates to future periods	-	(34,662)
New accrued revenue	8,554	-
At 30 September 2022	8,554	(34,662)

The Directors consider that the carrying value of accrued income and deferred income approximates to its fair value.

17. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see note 26.

	2022 £000	2021* £000
Non-current liabilities		
Secured bank loans	528	322,403
Unamortised borrowing costs	-	(4,507)
Shareholder loans	-	1,758
	528	319,654
	2022 £000	2021 £000
Current liabilities		
Secured bank loans	322,473	-
Unamortised borrowing costs	(2,658)	-
Shareholder loans	148	-
	319,963	-

*Restated see note 29

Terms and debt repayment schedule

	Currency	Nominal interest rate (%)	Year of maturity	Principal 2022 £000	Principal 2021 £000
Term loan	£	4.29 (2021: 2.04) ¹	2023	161,202	161,202
Term loan	£	4.54 (2021: 2.04) ¹	2023	161,201	161,201
Revolving credit facility term loan	£	4.54 (2021: 2.04) ¹	2023	-	-
REHAVISTA GmbH loan	£	3.00 (2021: 3.00)	2030	598	-
				323,001	322,403

¹ The margin on the facilities is stated at the current rate and can change between 1.50% and 3.25% based on the ratio of the Group's net debt to adjusted EBITDA.

The principal amounts and associated interest were settled in full on 7 October 2022, please see note 26.

18. Trade and other payables

	2022 £000	2021 £000
Trade payables	9,314	15,220
Accrued expenses	70,883	54,791
	80,197	70,011

19. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

	2022 £000	2021 £000
Deferred tax assets	448	-
Deferred tax liabilities	(96,204)	(93,927)
	(95,756)	(93,927)

Movement in deferred tax during the year:

	1 October 2021 £000	Recognised in income £000	Acquired in business combinations £000	Prior year adjustment £000	Change in tax rate £000	30 September 2022 £000
Property, plant and equipment	73,382	1,320	-	(1,935)	126	72,893
Derivative financial instruments	(1,353)	143	-	1,165	45	-
Intangible assets	15,905	(775)	268	689	(149)	15,938
Share options	(1,606)	1,015	-	270	321	-
Rolled-over gains on property	8,037	11	-	13	4	8,065
Trading losses carried forward	(88)	(250)	-	(320)	(7)	(665)
Short-term timing differences	(350)	(153)	-	75	(47)	(475)
	93,927	1,311	268	(43)	293	95,756

Movement in deferred tax during the previous year:

	1 October 2020 £000	Recognised in income £000	Acquired in business combinations £000	Prior year adjustment £000	Change in tax rate £000	30 September 2021 £000
Property, plant and equipment	52,552	2,408	15	891	17,516	73,382
Derivative financial instruments	(418)	(611)	-	-	(324)	(1,353)
Intangible assets	11,616	(1,422)	2,237	32	3,442	15,905
Share options	(163)	(1,090)	-	33	(386)	(1,606)
Rolled-over gains on property	6,593	-	-	(485)	1,929	8,037
Trading losses carried forward	(27)	(80)	-	26	(7)	(88)
Short-term timing differences	(309)	35	-	9	(85)	(350)
	69,844	(760)	2,252	506	22,085	93,927

20. Provisions

	£000			
	Legal and other disputes	Dilapidations*	Other	Total
At 1 October 2021	350	4,990	200	5,540
Provisions raised during the period	–	515	–	515
Amounts used during the period	–	(447)	–	(447)
Unused amounts reversed	(350)	–	–	(350)
At 30 September 2022	–	5,058	200	5,258

* Dilapidation provisions arise as a result of the conditions attached to lease agreements for land and buildings operated by the Group. The costs which will be incurred to return leased land and buildings to the required condition when the properties are handed back to the lessor are determined by an internal chartered surveyor. An asset to the value of the provision is recognised and amortised of the remaining period of the lease agreement.

Cyber incident after the balance sheet date

Non-adjusting subsequent event

The Group experienced a cyber incident on 4 January 2023, which had an impact on predominantly Cambian and By the Bridge operating IT systems. On becoming aware of the cyber-attack, the Group's crisis response was immediately launched, and its business continuity plans were successfully implemented. There has been no material impact on the provision of services and the Group believe there is no residual remaining threat as a result of this incident.

The Group is aware of data exfiltration and this is subject to an ongoing investigation. The Group complied with its notification obligations under applicable data privacy law including the Information Commissioners Office (ICO). The Group is cooperating fully with the ICO's investigation and understands that, if considered appropriate, the ICO has the ability to impose sanctions or a penalty notice, neither of which can be currently foreseen or reliability estimated.

21. Derivative financial instruments

	2022 £000	2021 £000
Put option	4,994	4,662
Interest rate swaps	–	752
	4,994	5,414

As part of the incorporation of Smartbox Holdings, the Group has granted the non-controlling interests the option to request the Group to acquire some or all of their shares in Smartbox Holdings Limited, exercisable on 5 October 2024. The amount of the liability for this put option, which is held on the gross redemption basis, is derived from an internal valuation of the Smartbox business, utilising both discounted forecast future cash flow and multiples-based methodologies. The option pricing is based on the forecasted growth of EBITDA in Smartbox over 4 years from acquisition date, and the EBITDA generated over this period which would be retained in the value if the option was exercised. If either were not to be achieved this would decrease the value of the option which is assessed at each reporting date. The structure of the option is such that if the business is not generating the EBITDA that is used in the calculation, this price paid will decrease accordingly. There are no performance obligations or services conditions associated with the option. The charge to equity is recognised separately as recognition of liabilities with non-controlling interest. The liability is subsequently accreted through finance charges, up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

22. Employee benefits

Share-based payments

The Group operated five share option schemes during the year: The CareTech Holdings 2017 Sharesave Scheme, the CareTech Holdings 2020 Sharesave Scheme, the CareTech Holdings 2015 Approved Share Option Scheme, the Executive Shared Ownership Plan and the Long-Term Incentive Plan. All share options are equity settled.

The Executive Shared Ownership Plan ('ExSOP') was formed in March 2017. Under the provisions of the ExSOP, shares ('the ExSOP shares') are jointly owned by nominated senior employees and by an employees' share trust. The ExSOP awards are subject to a time-related performance condition measured over a three-year period beginning with the date of the grant. To the extent the performance condition is satisfied, the participant can benefit from any growth of the share price in excess of the issue price.

The grant of the ExSOP scheme requires specific performance conditions being satisfied. The EPS Target requires the growth in the Company's underlying Diluted EPS over the Performance Period to be at least 15% (being an average 5% annual growth rate, calculated without compounding) during the year.

On 8 November 2019, the Group issued 2,504,475 new ordinary shares of 0.5p in the Company ('the New Ordinary Shares') under the Executive Shared Ownership Plan ('Share Plan') to 30 members of the senior and executive management team. An award under the Share Plan enables the participant to benefit only from the future growth in the value of the New Ordinary Shares above their market value on the award date, in excess of a 'carrying cost' of 3% per annum.

The vesting of the Share Plan requires specific performance conditions being satisfied. As with the previous issuance of the Share Plan, the target is an EPS Target which requires the growth in the Group's underlying Diluted EPS over the three-year period beginning on the date of issue of the awards to be at least 15% (being an average 5% annual growth rate, calculated without compounding). Participants may not normally realise any such benefit from the Share Plan awards before 8 November 2022.

On 21 December 2020, the Board approved the implementation of a new Long-Term Incentive Plan ('LTIP'), and the Group granted 803,689 nil-cost options over ordinary shares in the Company to the Company's Executive Directors and certain other members of the senior management team. On 15 December 2021, the Group granted 675,640 nil-cost options over ordinary shares in the Company to the Company's Executive Directors and certain other members of the senior management team under the Board approved LTIP. The weighted average fair value of those options are 428p and 505p respectively.

LTIP awards will normally vest on the third anniversary of the date of grant, subject to the satisfaction of any performance conditions as set out in the Directors' Remuneration Report, and the grantee's continued service. Upon vesting, 50% of the Award shares are subject to a holding period of four years from the date of grant, with the remaining 50% of the Award shares subject to a holding period of five years from the date of grant.

The options have been valued using the Black-Scholes option pricing model in line with IFRS 2 'Share-Based Payments'. The assumptions used as part of the model include the following:

	29 March 2016	8 November 2019	21 December 2020	15 December 2021
Expected volatility	25%	25%	N/A*	N/A*
Expected dividend yield	3.90%	3.5%	0%**	0%**
Risk free interest rate	2.39%	1.25%	N/A***	N/A***
Vesting period	3 years	3 years	3 years	3 years

* Volatility has no impact on the core value of an award with no exercise price or market condition. Volatility over the one- and two-year holding periods are 18.29% and 30.4% (2020 issue: 39.03% and 30.95%) respectively.

** Participants are entitled to receive dividend equivalents on these awards; therefore, the dividend yield does not have an impact on the fair value of these awards and has been set to zero.

*** Awards with no exercise price or market condition are not affected by risk free rate. Risk free interest rate over the holding periods is zero.

Approved and Unapproved scheme options are exercisable at any time from the third anniversary of the date of grant to the tenth anniversary, other than nominal cost options which may become exercisable at the earliest after a period of 30 dealing days following the third anniversary of being granted. SAYE scheme options are normally exercisable within six months following the third anniversary of the date of grant. Options granted under the above schemes, together with those remaining at 30 September 2022 are as follows:

Date of grant	Scheme	Options remaining as at 30 Sep 2021	Options granted 30 Sep 2022	Options lapsed to 30 Sep 2022	Options exercised to 30 Sep 2022	Options remaining as at 30 Sep 2022	Exercise price of share option (pence) 30 Sep 2022	Weighted average share price on date of exercise (pence) 30 Sep 2022
29 Mar 2016	Executive Share Ownership Plan	1,148,451	–	(56,323)	(1,092,128)	–	247.5	750
23 Oct 2019	Approved Share Option Plan 2015	664,620	–	–	(664,620)	–	380	750
5 Nov 2019	Approved Share Option Plan 2015	898,106	–	(384,824)	(513,282)	–	380	750
8 Nov 2019	Executive Share Ownership Plan	2,504,475	–	(86,667)	(2,417,808)	–	399	750
21 Sep 2020	Sharesave Scheme 2020	480,678	–	(247,080)	(233,598)	–	355	750
21 Dec 2020	LTIP	799,582	25,188	(108,880)	(715,890)	–	Nil	750
15 Dec 2021	LTIP	–	685,468	(55,666)	(629,802)	–	Nil	750

On 27th September 2022, following a change in control all the options outstanding fully vested.

The charge for the year was £1,040,000 (2021: £473,000) which relates to the Executive Share Ownership Scheme, the Sharesave Scheme 2017 and the Approved Share Option Plan 2015, and £5,183,000 (2021: £902,000) relating to the Long-Term Incentive Plan. There are no remaining options at 30 September 2022, the weighted average exercise price of the remaining options is at 30 September 2021 was 315.6p, and the weighted average remaining contractual life of all share options outstanding in the prior year was 6.4 years.

23. Equity

Share capital	2022 £000	2021 £000
Allotted, called up and fully paid:		
114,915,043 (2021: 113,327,459) ordinary shares of 0.5p each	575	566
53,402 deferred shares of 0.5p each	–	–
	575	566

Share capital represents the nominal (par) value of shares that have been issued. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The deferred shares have no such rights. Movements in the number of issued shares were as follows:

	Ordinary shares of 0.5p each	Deferred shares of 0.5p each
At 1 October 2020	113,173,992	53,402
Issued under Share Schemes	153,467	–
At 30 September 2021	113,327,459	53,402
At 1 October 2021	113,327,459	53,402
Issued under Share Schemes	1,587,584	–
At 30 September 2022	114,915,043	53,402

24. Reserves

(a) Share premium account

During the year, the issue of new shares charged to the share premium account are as follows:

	2022 £000	2021 £000
Opening balance 1 October	133,551	133,079
Premium on issue of shares	5,375	472
At 30 September	138,926	133,551

Share premium includes any premiums received on issue of share capital, with the exception of shares issued in consideration in acquisitions. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

(b) Merger reserve

The merger reserve represents the premium arising on the ordinary shares issued as consideration for the acquisition of shares in another company (merger relief).

	2022 £000	2021 £000
Opening balance 1 October	125,842	125,842
Issue of shares	–	–
At 30 September	125,842	125,842

(c) Shares held by Executive Shared Ownership Plan

Further information relating to the EBT reserve of the Group is detailed in note 22 to the consolidated financial statements of the Group.

(d) Retained earnings

Retained earnings includes all current and prior period retained profits and share-based employee remuneration. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a General Meeting prior to the reporting date.

(e) Other components of equity

Other components of equity include the following:

Foreign currency translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Groups foreign entities net assets.

Changes in shareholding – changes in shareholding of subsidiaries which do not result in a change in ownership and are recognised through equity.

	Foreign currency translation reserve	Changes in shareholding	Total
	£000	£000	£000
At 30 September 2020	53	-	53
Exchange differences on translation of foreign entities	(424)	-	(424)
Movement in equity due to changes in shareholdings	-	-	-
At 30 September 2021	(371)	-	(371)
Exchange differences on translation of foreign entities	6,655	-	6,655
Movement in equity due to changes in shareholdings	-	(2,625)	(2,625)
At 30 September 2022	6,284	(2,625)	3,659

25. Dividends

The aggregate amount of dividends comprises:

	2022 £000	2021 £000
Interim dividend paid in respect of prior year but not recognised as liabilities in that year (4.6p per share, (2021: 4.0p per share))	5,210	4,525
Final dividend paid in respect of the prior year (9.5p per share, (2021: 8.75p per share))	10,759	9,906
Aggregate amount of dividends paid in the financial year (14.1p per share (2021: 12.75p per share))	15,969	14,431

The aggregate amount of dividends proposed and not recognised as liabilities as at the year end is nil per share, £nil (2021: 14.1p per share, £10,482,790).

Dividends not included above but paid to the non-controlling interest in Group subsidiary entities amounted to £2,467k (2021: £2,865k)

26. Financial instruments

The use of financial instruments is managed under policies and procedures approved by the Board. These are designed to reduce the financial risks faced by the Group, which primarily relate to credit, interest and liquidity risks, which arise in the normal course of the Group's business.

Credit risk

Financial instruments which potentially expose the Group to credit risk consist primarily of cash equivalents and trade receivables. Cash equivalents are deposited only with major financial institutions that satisfy certain credit criteria.

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are carried out on all significant prospective customers and all existing customers requiring credit beyond a certain threshold. Varying approval levels are set on the extension of credit depending upon the value of the sale.

Where credit risk is deemed to have risen to an unacceptable level, remedial actions including the variation of terms of trade are implemented under the guidance of senior management until the level of credit risk has been normalised.

The Group provides credit to customers in the normal course of business. The amounts presented in balance sheet in relation to the Group's trade receivables are presented net of loss allowances. The Group measures loss allowances at an amount equal to the lifetime expected credit losses ('ECLs') using both quantitative and qualitative information and analysis based on the Group's historical experience and forward-looking information. During the year there was a credit to the consolidated income statement of £102,000 (2021: £301,000 charge) to decrease the loss allowance.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. Based on past experience, the Group believes that no further impairment allowance is necessary in respect of trade receivables not past due. The Group considers that the carrying value of trade receivables approximates to its fair value.

The trade receivables as at 30 September are aged as follows:

	2022 £000	2021 £000
Not due	29,871	27,915
Not more than three months past due	21,571	18,180
More than three months but not more than six months past due	4,376	4,039
More than six months but not more than 12 months past due	3,602	3,689
Trade receivables (Note 14)	59,420	53,823

The movement in provisions for impairment of trade receivables are as follows:

	£000
At 1 October 2020	1,661
Credited to the consolidated income statement	301
At 30 September 2021	1,962
Charged to the consolidated income statement	(102)
At 30 September 2022	1,860

Included in the provision for impairment of trade receivables is an expected credit loss of £133,000 (2021: £235,000).

Interest rate risk

The Group finances its operations through called up share capital, retained profits, bank borrowings, and the sale of assets if appropriate. The Group's income is by its nature relatively stable and its growth is, inter alia, impacted by inflation. Group policy is to balance interest rate fixes between the short, medium and long term. The benchmark rate for bank borrowings is SONIA.

Liquidity risk

The Group prepares annual cash flow forecasts reflecting known commitments and anticipated projects. Borrowing facilities are arranged as necessary to finance requirements. The Group has available bank facilities, sufficient, with cash flow from profits, to fund present commitments. Term facilities are utilised to fund capital expenditure and short-term flexibility is achieved by the utilisation of cash resources in respect of financial liabilities. The following table indicates their contractual cash flow maturities.

2022						
	Effective interest rate %	Carrying amount £000	Contractual cash flows £000	< 1 year £000	1–5 years £000	5 years & over £000
Trade and other payables		(81,021)	(81,021)	(81,021)	-	-
Secured bank loans	4.54%	(320,162)	(329,244)	(329,244)	-	-
Secured bank loans REHAVISTA GmbH	3.00%	(598)	(598)	(70)	(281)	(247)
Shareholder loans		(148)	(148)	(148)	-	-
Lease liabilities		(127,824)	(432,615)	(10,922)	(32,449)	(389,244)
Derivative financial instruments		(4,994)	(6,303)	-	(6,303)	-
		(534,747)	(849,929)	(421,405)	(39,033)	(389,491)
2021						
	Effective interest rate %	Carrying amount £000	Contractual cash flows £000	< 1 year £000	1–5 years £000	5 years & over £000
Trade and other payables		(70,011)	(70,011)	(70,011)	-	-
Secured bank loans	2.04%	(317,896)*	(335,763)	(6,519)	(329,244)	-
Shareholder loans		(1,758)	(1,758)	(1,758)	-	-
Lease liabilities		(124,281)	(432,202)	(9,565)	(30,567)	(392,070)
Derivative financial instruments		(5,414)	(6,303)	-	(6,303)	-
		(523,867)	(845,148)	(87,853)	(365,225)	(392,070)

*Restated see note 29

See note 17 for the maturity dates and interest rates charged on the secured bank loans.

Analysis of changes in liabilities from financing activities

The below table represents the movement in liabilities from financing activities:

	Secured bank loans £000	Accrued interest** £000	Lease liabilities* £000	Shareholders loan £000	Derivative financial instruments £000	Total* £000
1 October 2020	317,122	1,492	88,688	1,833	2,198	411,333
Cash flows	(438)	(7,729)	(10,109)	—	(1,761)	(20,037)
Acquired through business acquisitions	—	—	30,964	—	—	30,964
New leases	—	—	10,287	—	—	10,287
Changes in fair value	—	—	—	—	4,977	4,977
Effect of foreign exchange	—	—	—	(75)	—	(75)
Interest expense	1,212	7,607	4,451	—	—	13,270
30 September 2021	317,896	1,370	124,281	1,758	5,414	450,719
Cash flows	(4,251)	(8,342)	(10,764)	(1,610)	(968)	(25,935)
Acquired through business acquisitions	4,841	322	1,141	—	—	6,304
New leases	—	—	8,463	—	—	8,463
Effect of foreign exchange	(3)	—	—	—	—	(3)
Interest expense	1,860	9,010	4,703	—	548	16,121
30 September 2022	320,343	2,360	127,824	148	4,994	455,669

*Restated see note 29

** Accrued interest was not previously included in this analysis

CareTech's three key covenant ratios are leverage (ratio of net debt to covenant EBITDA to be no more than 4.0), interest cover (ratio of covenant EBITDA to net finance costs to be no less than 4x) and LTV (ratio of property value to net debt to be no more than 62.5%).

On 27 September 2022, the Group was acquired by Amalfi Bidco limited and delisted from the Alternative Investment Market ('AIM'). Following delisting, the Group's current bank loans of £322.3m were fully repaid on 8 October 2022 and replaced with intercompany loans from Amalfi Bidco Limited.

Capital risk management

The Group manages its capital to ensure that activities of the Group will be able to continue as a going concern whilst maximising returns for shareholders through the optimisation of debt and equity.

The Group's capital structure is as follows:

	2022 £000	2021 £000
Net debt	298,025	258,661
Equity	410,934	380,917

Net debt

Net debt comprises cash and cash equivalents net of bank loans and borrowings and HP leases previously accounted for under IAS 17 excluding Project Teak sale and leaseback. Net debt remains unchanged following the adoption of IFRS 16.

	Note	2022 £000	2021 £000
Net debt in the balance sheet comprises:			
Cash and cash equivalents		27,258	65,560
Bank loans	17	(320,343)	(317,896)
Shareholder loan		(148)	(1,758)
Lease and hire purchase contracts	18	(4,792)	(4,567)
Net debt at 30 September		(298,025)	(258,661)

Foreign currency risk

Most of The Group's transactions are carried out in GBP. Exposures to currency exchange rates arise from the Group's investment in 'the AS Group', registered in the United Arab Emirates, which is denominated in AED, and Smartbox which has sales to Europe, North and Central America, Australasia, Middle East and Africa. All other revenues arise within the UK and all non-current assets are likewise located in the UK. No single external customer amounts to 10% or more of the Group's revenues.

At 30 September 2022, it is estimated a 10% movement in GBP/AED would result in a movement of GBP 732,000 in profit before tax. A 10% movement in any other currency exposures would not result in a material movement in profit before tax. There was no material exposure in the prior year.

Sensitivity analysis

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in interest rates would have an impact on consolidated earnings.

At 30 September 2022, it is estimated that a general increase of 1% in interest rates would impact finance expense and decrease the Group's profit before tax and equity by approximately £3,224,000 (2021: £2,024,000). Economic hedging instruments have been included in this calculation. The Group does not apply hedge accounting.

Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2022 £000	Fair value 2022 £000	Carrying amount 2021 £000	Fair value 2021 £000
<i>Financial Instruments at amortised cost</i>				
Cash at bank and in hand	27,258	27,258	65,560	65,560
Trade receivables (Note 14)	59,420	59,420	53,823	53,823
Trade payables (Note 18)	(9,314)	(9,314)	(15,220)	(15,220)
Secured bank loans (Note 17)	(323,403)	(322,403)	(322,403)	(322,403)
Accrued interest	(2,360)	(2,360)	(1,370)	(1,370)
Shareholder loan	(148)	(148)	(1,758)	(1,758)
Derivative financial instruments – put option	(4,994)	(4,994)	(4,662)	(4,662)
<i>Held at fair value through profit and loss:</i>				
Derivative financial instruments – interest rate swaps	-	-	(752)	(752)
Contingent consideration	-	-	(3,616)	(3,616)

Where market values are not available, fair values of financial assets and liabilities have been calculated by discounting expected future cash flows at prevailing interest rates with the following assumptions being applied:

- For trade and other receivables and payables with a remaining life of less than one year the carrying amount is deemed to reflect the fair value.
- For cash and cash equivalents the amounts reported on the balance sheet approximates to fair value.
- For secured bank loans at floating rate the carrying value is deemed to reflect the fair value as it represents the price of the instruments in the market place.
- For accrued interest the amount repayable is less than one year and the carrying amount is deemed to reflect the fair value.
- For shareholder loans the amount is repayable in less than one year and the carrying amount is deemed to reflect the fair value.
- For the derivatives financial instruments, these were entered into to manage the Group's exposure to interest rate risk on its external borrowings and additionally include a put option.

The fair for contingent consideration and the Put option both arise on account of the acquisition in the year. The fair value has been determined based on a multiple of profit, measured using projected cash flows of the entity based on the management's knowledge of the business and how the current economic environment is likely to impact it. These projections have not been discounted for the contingent consideration (as they are expected to be paid in less than a year) and have been discounted for the put option using 7.0%.

With regard to the put option, a change of +/- 10% in the cash flows and a change in +/-1% in the discount rate would impact the income statement by £74,000 (2021: £66,000). With regard to the prior year contingent consideration, a change of 10% in the forecast cash flows would not have a material impact on the income statement.

Fair value hierarchy

The financial instruments carried at fair value by valuation methods are:

	2022 £000	2021 £000
Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities	–	–
Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability either as a direct price or indirectly derived from prices	–	(752)
Level 3 – inputs for the asset or liabilities that are not based on observable market data	–	(3,616)

The fair values for all financial instruments carried at amortised costs are within level 3 of the fair value hierarchy. The fair value of the contingent consideration is the full amount payable under the earn-out as the Directors expect the gross profit criteria of Smartbox for the full year ended 30 September 2022 to be met. The fair value of the put option is derived from an internal valuation of the Smartbox business, utilising both discounted forecast future cash flow and multiples-based methodologies.

The reconciliation of carrying amounts classified within Level 3 is as follows:

	Contingent consideration £000
Balance at 1 October 2020	1,569
Settled in cash	(1,503)
Acquired through business combination	3,550
Recognised in profit or loss	-
Balance at 30 September 2021	3,616
Settled in cash	(3,550)
Acquired through business combination	1,116
Recognised in profit or loss	(1,182)
Balance at 30 September 2022	-
Total amount included in profit or loss for unrealised (gains)/losses on level 3 instruments	
	2022 £000 2021 £000
Foreign exchange gain	(66) -
Contingent consideration write off	(1,116) -
	(1,182) -

27. Related parties

During the year, the Group paid rent totalling £877,948 (2021: £701,155) in respect of properties in which Farouq Sheikh OBE and Haroon Sheikh have an interest. At the year end, rent of £182,264 (2021: £159,743) was outstanding. The lease liability recognised at 30 September 2022 is £4,699,718 (2021: £2,321,600).

Dividends paid to Directors in the year totalled £nil (2021: £61,000).

Transactions with key management personnel

	2022 £000	2021 £000
Salary	3,917	4,233
Benefits	447	635
Bonus	2,629	1,449
Total short-term remuneration	6,993	6,317
Post-employment benefits	210	323
Share-based payments	-	110
	7,203	6,750

Key management personnel are defined as Directors of the Group and members of the Senior Management Team.

Directors' emoluments are set out on page 40.

During the year, the Group made donations to the CareTech Charitable Foundation of £1.5m (2021: £1.2m)

28. Group undertakings

The Group has the following investments in trading subsidiaries included in the consolidated results for the year. The operating subsidiaries are engaged in either owning property ('Property') or in the provision of services to adults or children ('Trading'). Additionally, the Group has subsidiaries that are non-trading, act as holding companies, or are dormant ('Non-trading').

Company	Company number	Country of incorporation	Type	Ownership 2022%	Ownership 2021%
Addington House Limited*	04404355	England and Wales	Operating	100	100
Advanced Childcare Services Limited*	07559570	England and Wales	Non-trading	100	100
Advances In Autism Care & Education Limited*	03252453	England and Wales	Non-trading	100	100
Applied Care and Development Ltd*	SC224352	Scotland	Operating	100	100
Ashcroft House Limited*	03390658	England and Wales	Operating	100	100
Ashring House Limited*	03370991	England and Wales	Operating	100	100
Ashview House Limited*	03304446	England and Wales	Operating	100	100
Barleycare Limited*	05156601	England and Wales	Operating	100	100
Beacon Care Holdings Limited*+	03293998	England and Wales	Non-trading	100	100
Beacon Care Investments Limited*+	04351554	England and Wales	Non-trading	100	100
Beacon Care Limited*	03160894	England and Wales	Non-trading	100	100
Beech Care Limited*	04050685	England and Wales	Operating	100	100
Branas Isaf (Ashfield House) Limited*	05761962	England and Wales	Operating	100	100

Company	Company number	Country of incorporation	Type	Ownership 2022%	Ownership 2021%
Branas Isaf (Bythnod & Hendre Llwyd) Limited*	04826628	England and Wales	Operating	100	100
Branas Isaf (Dewis) Limited*	04828115	England and Wales	Operating	100	100
Branas Isaf (Education Centre) Limited*	04826662	England and Wales	Operating	100	100
Branas Isaf (Llyn Coed) Ltd*	04826774	England and Wales	Operating	100	100
Branas Isaf (personal development & approach training) Limited*	04826959	England and Wales	Non-trading	100	100
Branas Isaf (Therapeutic Provision Limited)*	05355404	England and Wales	Non-trading	100	100
Branas Isaf Holdings Ltd*	04827227	England and Wales	Non-trading	100	100
Branas Isaf Personal Development Centre Ltd*	03744583	England and Wales	Non-trading	100	100
Bright Care Limited*	04050733	England and Wales	Operating	100	100
By the Bridge Holdings*	05712186	England and Wales	Non-trading	100	100
By the Bridge Limited*	04050928	England and Wales	Operating	100	100
By the Bridge Management Company Limited*	08587714	England and Wales	Non-trading	100	100
By the Bridge North West Limited*	05448746	England and Wales	Operating	100	100
Cambian Asperger Syndrome Services Limited*	04117476	England and Wales	Operating	100	100
Cambian Autism Services Limited*	03449214	England and Wales	Operating	100	100
Cambian Care (Powys) Limited*	03613824	England and Wales	Non-trading	100	100
Cambian Childcare Limited*	04280519	England and Wales	Operating	100	100
Cambian Childcare Properties Limited*	05274924	England and Wales	Property	100	100
Cambian Education Services Limited*	05554772	England and Wales	Non-trading	100	100
Cambian FS Limited*	09501886	England and Wales	Non-trading	100	100
Cambian Group Holdings Limited*	08929407	England and Wales	Non-trading	100	100
Cambian Group Limited*+	08929371	England and Wales	Non-trading	100	100
Cambian Heritage I Limited*	05150238	England and Wales	Non-trading	100	100
Cambian Heritage II Limited*	03898254	England and Wales	Property	100	100
Interact Care Limited*	04822716	England and Wales	Operating	100	100
Cambian Properties (UK) Limited*	05554819	England and Wales	Non-trading	100	100
Cambian Signpost Limited*	06253729	England and Wales	Operating	100	100
Cambian Whinell School Limited*	04617562	England and Wales	Operating	100	100
Cameron Care Limited*	SC283940	Scotland	Operating	100	100
Candour Housing CIC	13562034	England and Wales	Operating	100	–
Care Support Services Limited*	05356025	England and Wales	Operating	100	100
CareTech Community Services (No 2) Limited*	03894564	England and Wales	Operating	100	100
CareTech Community Services Limited*+	02804415	England and Wales	Operating	100	100

Company	Company number	Country of incorporation	Type	Ownership 2022%	Ownership 2021%
CareTech Consulting Limited*	07186925	England and Wales	Non-trading	100	100
Caretech Digital Limited	13601641	England and Wales	Operating	100	–
CareTech Estates (No 2) Limited*+	06518327	England and Wales	Property	100	100
CareTech Estates (No 3) Limited*+	06518491	England and Wales	Property	100	100
CareTech Estates (No 4) Limited*+	06543818	England and Wales	Property	100	100
CareTech Estates (No 5) Limited*+	07027116	England and Wales	Property	100	100
CareTech Estates (No 6) Limited*+	08420656	England and Wales	Property	100	100
CareTech Estates (No 7) Limited*+	08628141	England and Wales	Property	100	100
CareTech Estates Limited*+	05964868	England and Wales	Property	100	100
CareTech Foster Care Limited*	05185612	England and Wales	Non-trading	100	100
CareTech Fostering Holdings Limited*	07206363	England and Wales	Non-trading	100	100
CareTech Fostering Services*	07205262	England and Wales	Non-trading	100	100
CareTech Housing Services*	03438332	England and Wales	Non-trading	100	100
CareTech International (Previously Family Assessment Services Limited) Limited*	06902547	England and Wales	Non-trading	100	100
Clifford House Limited*	03320573	England and Wales	Non-trading	100	100
Coleme Community Care (Kent) Limited*	02755757	England and Wales	Non-trading	100	100
Community Support Project Limited*+	05941774	England and Wales	Non-trading	100	100
Complete Care & Enablement Services Limited*	05905163	England and Wales	Operating	100	100
Continuum Care and Education Group Limited*	05804360	England and Wales	Non-trading	100	100
Counticare Limited*	02585666	England and Wales	Non-trading	100	100
Coveberry Limited*	01208511	England and Wales	Operating	100	100
Daisybrook Limited*	03026221	England and Wales	Operating	100	100
Dawn Hodge Associates Limited*	04130146	England and Wales	Operating	100	100
Delam Care Limited*	02995783	England and Wales	Operating	100	100
Delham Care Limited*	02748991	England and Wales	Non-trading	100	100
Elite Children's Care Limited*	05251327	England and Wales	Non-trading	100	100
Emeraldpoint Limited*	03098166	England and Wales	Operating	100	100
EnableAll Limited	13540728	England and Wales	Operating	100	–
EQL Solutions Limited*+	08758477	England and Wales	Operating	100	100
Farrow House Limited*	03504115	England and Wales	Non-trading	100	100
Fostering Support Group Limited*	02359399	England and Wales	Operating	100	100
Franklin Homes Limited*	03002865	England and Wales	Operating	100	100
Glenroyd House Limited*	04326288	England and Wales	Operating	100	100
Gloucestershire Autism Services Limited*	03091510	England and Wales	Non-trading	100	100
Green Corns Limited*	03918305	England and Wales	Non-trading	100	100

Company	Company number	Country of incorporation	Type	Ownership 2022%	Ownership 2021%
Greenfields Adolescent Development Limited*	04068839	England and Wales	Operating	100	100
Greenfields Care Group Limited*	04642100	England and Wales	Non-trading	100	100
Hereson House Limited*	04385252	England and Wales	Operating	100	100
Herts Care (Escort and Supervision Services) Limited*	03648069	England and Wales	Non-trading	100	100
Herts Care Group Limited*	04539660	England and Wales	Non-trading	100	100
Herts Care Limited*	03400914	England and Wales	Non-trading	100	100
Herts Care Property Limited*	04132387	England and Wales	Non-trading	100	100
Huntsmans Lodge Limited*	04668317	England and Wales	Operating	100	100
Independent Childcare Group of Schools Limited*	02525026	England and Wales	Non-trading	100	100
Inhoco 2993 Limited*	04934338	England and Wales	Non-trading	100	100
K O B Care Limited*	03039698	England and Wales	Non-trading	100	100
Kirkstall Lodge Limited*	04778674	England and Wales	Operating	100	100
Leigham Lodge Limited*	04583599	England and Wales	Operating	100	100
Lonsdale Midlands Limited*	02834141	England and Wales	Operating	100	100
Lyndhurst Psychiatric Residential Care Limited*	02958528	England and Wales	Non-trading	100	100
Magnolia Court Limited*	05444649	England and Wales	Operating	100	100
Mason Property Development Company Limited*	04308273	England and Wales	Property	100	100
Oakleaf Care (Hartwell) Limited*	05225317	England and Wales	Operating	100	100
One Six One Limited*	04136284	England and Wales	Operating	100	100
One Step (Support) Limited*	04534652	England and Wales	Operating	100	100
Onetrue Step Limited*	08339192	England and Wales	Non-trading	100	100
Outlook Fostering Services Limited*	04357704	England and Wales	Operating	100	100
Palm Care Limited*	04050739	England and Wales	Operating	100	100
Park Foster Care Ltd*	04861395	England and Wales	Operating	100	100
Park Foster Care Services Scotland Limited*	SC427502	Scotland	Operating	100	100
Phoenix Therapy and Care Limited*	SC254555	Scotland	Operating	100	100
Pinnacle Supported Living Limited*	02736242	England and Wales	Non-trading	100	100
Prestwood Residential Homes Ltd*	04129564	England and Wales	Operating	100	100
Primrose Court Limited*	04803769	England and Wales	Operating	100	100
Professional Integrated Care Services Limited*	04771613	England and Wales	Non-trading	100	100
Purple Zest Limited**	11421082	England and Wales	Operating	100	100
Roborough House Limited*	05054294	England and Wales	Operating	100	100
ROC North West Ltd*	05564417	England and Wales	Operating	100	100

Company	Company number	Country of incorporation	Type	Ownership 2022%	Ownership 2021%
Rosedale Children's Services Limited*	04932054	England and Wales	Operating	100	100
SACCS Care Limited*	04495879	England and Wales	Non-trading	100	100
SACCS Limited*	04497910	England and Wales	Non-trading	100	100
Selborne Care Limited*	05513162	England and Wales	Operating	100	100
Selwyn Care Limited*	03737832	England and Wales	Operating	100	100
Smartbox Holdings Limited	12813709	England and Wales	Non-trading	83	70
Smartbox Assistive Technology Limited	05541084	England and Wales	Operating	100	100
Smartbox Assistive Technology Inc. (US co)	6082148	Delaware, US	Operating	100	100
Smartbox Assistive Technology (EU) (Ireland co)	658998	Ireland	Operating	100	100
Sensory Software International Limited	03662043	England and Wales	Operating	100	100
REHAVISTA GmbH	HRB 28676 HB	Germany	Operating	100	-
LogBuk GmbH	HRB 28989 HB	Germany	Operating	100	-
South East Care Services Limited*	02296352	England and Wales	Non-trading	100	100
Spark of Genius Limited*	SC479758	Scotland	Non-trading	100	100
Spark Of Genius (North East) LLP	OC384807	England and Wales	Operating	50	50
Spark Of Genius (Training) Limited*	SC196146	Scotland	Operating	100	100
St Michael's Support & Care Limited*	05978585	England and Wales	Operating	100	100
Sunnyside Care Homes Ltd*	04589719	England and Wales	Operating	100	100
The Community Care Company UK Limited*	02816119	England and Wales	Non-trading	100	100
TLC (Wales) Independent Fostering Limited*	04824925	England and Wales	Operating	100	100
Trojan Spark Limited*	SC453152	Scotland	Non-trading	100	100
Uplands (Fareham) Limited*	03488896	England and Wales	Operating	100	100
Valeo Community Projects Limited*	03941224	England and Wales	Non-trading	100	100
Valeo Limited*+	04099715	England and Wales	Operating	100	100
Victoria Lodge Limited*	04454845	England and Wales	Operating	100	100
Vosse Court Limited*	04778676	England and Wales	Operating	100	100
White Cliffs Lodge Limited*	04351559	England and Wales	Operating	100	100
Wyatt House Limited*	04319271	England and Wales	Non-trading	100	100
Cambian Developments II Limited	104724	Jersey ²	Non-trading	100	100
H2O Limited	FC97291	Gibraltar	Non-trading	100	100
Hazeldene UK Limited ¹	FC015967	Gibraltar	Operating	100	100
Cambian Properties II Limited	91131	Jersey ²	Property	100	100
CareTech Cloud Limited*	12392889	England and Wales	Non-trading	100	100
CareTech Digital Limited*	13601641	England and Wales	Non-trading	100	-

Company	Company number	Country of incorporation	Type	Ownership 2022%	Ownership 2021%
CTH-Digital Lab Limited*	13921797	England and Wales	Operating	100	-
CareTech Design and Build Limited*	13729966	England and Wales	Non-trading g	100	-
Candour Housing CIC*	13562034	England and Wales	Operating	100	-
CareTech Mena Social Care LLC	1010563230	Saudi Arabia	Non-trading	100	100
CareTech Holdings Limited	3381	United Arab Emirates	Non-trading	100	100
AS1 Investments Holding Ltd (ADGM)	3272	United Arab Emirates	Non-trading	52	52
AS2 Investments Holdings Ltd (ADGM)	5298	United Arab Emirates	Non-trading	89.9	89.9
AS Investments Holding Ltd (ADGM)	3087	United Arab Emirates	Non-trading	52	52
Macani Medical Centre	CN-1937451	United Arab Emirates	Operating	99	99
AS Northwood Investments Holdings LLC (ADGM)	CN-2696945	United Arab Emirates	Non-trading	99	99
ACPN Dubai	674030	United Arab Emirates	Operating	85	65
ACPN Abu Dhabi	CN-1142528	United Arab Emirates	Operating	85	65
ACPN Al Ain	CN-1142528-1	United Arab Emirates	Operating	85	65
AS3 Investments Holding Ltd (ADGM)	6937	United Arab Emirates	Non-trading	51	-
DBG HoldCo	6810	United Arab Emirates	Non-trading	70.7	-
Bayti Home Healthcare LLC (Abu Dhabi)	CN-15331981	United Arab Emirates	Operating	99	-
Bayti Home Healthcare LLC (Abu Ajman)	72626	United Arab Emirates	Operating	99	-
DMETCO Home Healthcare LLC (Abu Dhabi)	CN-1269453	United Arab Emirates	Operating	99	-
DMETCO Home Healthcare LLC Branch 1	CN-1269453-1	United Arab Emirates	Operating	99	-
AS4 Investments Holding Ltd (ADGM)	6798	United Arab Emirates	Non-trading	52	-
Wellness Oneday Surgery	MF3622	United Arab Emirates	Operating	99	-
Wellness Pharmacy	PF3070	United Arab Emirates	Operating	99	-
Care Talent Advisors Limited*	12391623	England and Wales	Non-trading	60	60
Jobzooma Limited	10127824	England and Wales	Operating	29.4	29.4
Recruiterlink Limited	11665920	England and Wales	Operating	29.4	29.4

¹ Has a UK designated trading branch, Hazeldene UK Limited.

² Registered office 9 Burrard Street, St Helier, Jersey JE4 5SE.

* Owned directly by the Company.

* These subsidiaries have taken advantage of the audit exemption under s479A and s479C of the Companies Act 2006 for the period ended 30 September 2022. As such, the Company has provided a guarantee against all debts and liabilities in these subsidiaries as at 30 September 2022.

Exemption from audit by Parent guarantee

The Company being the ultimate sole shareholder of its subsidiaries has decided to take the exemption from audit of a number of subsidiaries for the year ended 30 September 2022 under Sections 479A and 479C of the Companies Act 2006 and the Company will provide a guarantee for all the liabilities of those entities as at 30 September 2022 detailed above with the exception of Spark of Genius (North East) LLP.

Wholly-owned subsidiaries incorporated in Gibraltar, Germany, UAE, Saudi Arabia, USA, Ireland and Jersey will not be covered by the Parent Company guarantee as they are incorporated outside of the UK.

Unless otherwise stated below, the registered offices of all subsidiaries is 5th Floor Metropolitan House, 3 Darkes Lane, Potters Bar, England, EN6 1AG with the exception of:

Company	Address
Applied Care and Development Ltd	Netherlea House, Bankend Road, Dumfries, DG1 4AL
Cameron Care Limited	Inspire Children Services, Lochview, Fort William, Inverness-Shire, PH33 7NP
Dawn Hodge Associates Limited	Fiveways House, Buildwas Road, Neston, CH64 3RU
Park Foster Care Services Scotland Limited	272 Bath Street, Glasgow, G2 4JR
Phoenix Therapy and Care Limited	1 Lodge Street, Haddington, East Lothian, EH41 3DX
Professional Integrated Care Services Limited	Tan Y Fron, Pontardulais Road, Crosshands, Camarthenshire, SA14 6PG
Spark of Genius Limited	Trojan House Pegasus Avenue, Phoenix Business Park, Paisley, PA1 2BH
Spark of Genius (North East) LLP	King Edwin School Mill Lane, Norton, Stockton-On-Tees, North Yorkshire, TS20 1LG
Spark of Genius (Training) Limited	Trojan House Pegasus Avenue, Phoenix Business Park, Paisley, PA1 2BH
Trojan Spark Limited	Trojan House Pegasus Avenue, Phoenix Business Park, Paisley, PA1 2BH
H2O Limited	Montagu Pavillion, 8-10 Queensway, Gibraltar
Hazeldene UK Limited	Montagu Pavillion, 8-10 Queensway, Gibraltar
CareTech Mena Social Care LLC	7534 King Abdul Aziz Road – Al Ghadeer District, Unit No 44, Riyadh 13311-4672, Kingdom of Saudi Arabia
CareTech Holdings Limited	2459, 24, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates
AS1 Investments Holding Ltd (ADGM)	2458 Al Sila Tower, ADGM Square, Al Marya Island Abu Dhabi, UAE
AS2 Investments Holding Ltd (ADGM)	16th Floor, Wework Hub71, Al Khatem Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates
AS Investments Holding Ltd (ADGM)	2458 Al Sila Tower, ADGM Square, Al Marya Island, Abu Dhabi, UAE
Macani Medical Centre	Ahmed Ali Mohamed Abdulla Alsayegh Building, Office 205, GH 10, Q 63, T 2, Al Khalidiah Street, Abu Dhabi, UAE
AS Northwood Investments Holdings LLC (ADGM)	Unit of Ahmed Ali Mohamed Abdulla Alsayegh, West 10,0, PO Box No. 52613, Abu Dhabi, UAE
ACPN Dubai	Jumeirah Sunset Mall, Jumeirah 3, PO Box 66026, Dubai, UAE
ACPN Abu Dhabi	Khalid bin Abdul Aziz Street, Mounira Sheikh Ahmed Al Mubarak Building, PO Box 108699, Abu Dhabi, UAE
ACPN Al Ain	Villa of Mohammed Raashid Mohammed and others, Al Ghil, Al Ma'atarid, Al Ain, Abu Dhabi, UAE
AS3 Investments Holding Ltd (ADGM)	2458 Al Sila Tower, ADGM Square, Al Marya Island Abu Dhabi, UAE
DBG HoldCo	P.O Box 52613, Unit No. 501, Level 5, Index Tower, Dubai International Financial Centre (DIFC), Dubai, UAE
Bayti Home Healthcare LLC (Abu Dhabi)	P.O Box 52613, Unit No. 501, Level 5, Index Tower, Dubai International Financial Centre (DIFC), Dubai, UAE
Bayti Home Healthcare LLC (Abu Ajman)	P.O Box 52613, Unit No. 501, Level 5, Index Tower, Dubai International Financial Centre (DIFC), Dubai, UAE
DMETCO Home Healthcare LLC (Abu Dhabi)	P.O Box 52613, Unit No. 501, Level 5, Index Tower, Dubai International Financial Centre (DIFC), Dubai, UAE
DMETCO Home Healthcare LLC Branch 1	P.O Box 52613, Unit No. 501, Level 5, Index Tower, Dubai International Financial Centre (DIFC), Dubai, UAE
AS4 Investments Holding Ltd (ADGM)	2458 Al Sila Tower, ADGM Square, Al Marya Island Abu Dhabi, UAE

Company	Address
Wellness Oneday Surgery	P.O Box 52613, Unit No. 501, Level 5, Index Tower, Dubai International Financial Centre (DIFC), Dubai, UAE
Wellness Pharmacy	P.O Box 52613, Unit No. 501, Level 5, Index Tower, Dubai International Financial Centre (DIFC), Dubai, UAE
Smartbox Assistive Technology Limited	Ysobel House Enigma Commercial Centre, Sandys Road, Malvern, Worcestershire, England, WR14 1JJ
Smartbox Assistive Technology Inc. (US co)	2831 Leechburg Road, NEW KENSINGTON, PA 15068, Westmoreland
Smartbox Assistive Technology (EU) (Ireland co)	Jpa Brenson Lawlor House, Argyle Square Morehampton Road, Donnybrook, Dublin
Sensory Software International Limited	Seneca House Links Point, Amy Johnson Way, Blackpool, Lancashire, FY4 2FF
REHAVISTA GmbH	Konsul-Smidt-Straße 8C, 28217 Bremen, Germany
LogBuk GmbH	Konsul-Smidt-Straße 8C, 28217 Bremen, Germany

Subsidiaries with material non-controlling interest ('NCI')

The Group has aggregated the subsidiary financial information of the AS Group acquired on 4 February 2020. On 4 February 2022 the further acquisitions of Wellness and Dmetco (see note 4) have been included in the AS Group. The Group has considered it appropriate to aggregate the information due to geographical location and the nature of the activities being performed is consistent. The below table shows the subsidiaries that form part of the Group.

Subsidiary name	Principal place of business	Proportion of ownership interests held by non-controlling interests**		Proportion of voting rights held by non-controlling interests	
		2022	2021*	2022	2021*
AS Investments Holding Ltd (ADGM)	United Arab Emirates	48%	48%	48%	48%
AS Northwood Investments Holdings LLC (ADGM)	United Arab Emirates	1%	1%	1%	1%
ACPN Dubai	United Arab Emirates	43.8%	66.5%	15%	35%
ACPN Abu Dhabi	United Arab Emirates	43.8%	66.5%	15%	35%
ACPN Al Ain	United Arab Emirates	43.8%	66.5%	15%	35%
AS1 Investments Holding Ltd (ADGM)	United Arab Emirates	48%	48%	48%	48%
AS2 Investments Holding Ltd (ADGM)	United Arab Emirates	10.1%	10.1%	10.1%	10.1%
Macani Medical Centre	United Arab Emirates	46.1%	46.1%	1%	1%
AS3 Investments Holding Ltd (ADGM)	United Arab Emirates	49%	49%	-	-
DBG HoldCo	United Arab Emirates	64.0%	29.3%	-	-
Bayti Home Healthcare LLC (Abu Dhabi)	United Arab Emirates	64.3%	1%	-	-
Bayti Home Healthcare LLC (Abu Ajman)	United Arab Emirates	64.3%	1%	-	-
DMETCO Home Healthcare LLC (Abu Dhabi)	United Arab Emirates	64.3%	1%	-	-
DMETCO Home Healthcare LLC Branch 1	United Arab Emirates	64.3%	1%	-	-
AS4 Investments Holding Ltd (ADGM)	United Arab Emirates	48%	48%	-	-
Wellness Oneday Surgery	United Arab Emirates	48.5%	1%	-	-
Wellness Pharmacy	United Arab Emirates	48.5%	1%	-	-

*Restated see note 29

** Ownership interests reflect the indirect economic interest held by the Group in material NCIs. The voting rights reflect the actual voting rights held by NCI in each of the entities disclosed

	2022 £'000	2021* £'000
Profit allocated to NCIs during the reporting period	2,698	2,001
Dividends paid	(1,549)	(1,160)
Changes in shareholdings	(1,152)	-
Acquisitions	11,912	-
Foreign currency translation reserve	3,611	(321)
Accumulated NCI at 30 September	25,201	9,681

*Restated see note 29

Summarised financial information for the AS Group is set out in the table below:

	2022 £'000	2021 £'000
Current assets	18,670	9,344
Non-current assets	4,543	304
Current liabilities	(9,694)	(2,213)
Non-current liabilities	(148)	(1,758)
Revenue	44,471	25,054
Profit and total comprehensive income	6,158	3,131
Net cash from operating activities	1,987	(40)
Net cash used in investing activities	(201)	(160)
Net cash used in financing activities	1,270	(1,160)
Net cash inflow/(outflow)	3,056	(1,360)

The Group has aggregated the subsidiary financial information of Smartbox Assistive Technology Limited and associated subsidiaries, and Sensory Software International Limited (Collectively 'Smartbox') acquired on 5 October 2020 REHAVISTA GmbH, acquired on 29 November, is included in the Smartbox aggregation, see note 4. The Group has considered it appropriate to aggregate the information due to geographical location and the nature of the activities being performed being consistent. The below table shows the subsidiaries that form part of the Group.

Subsidiary name	Principal place of business	Proportion of ownership interests held by non-controlling interests*		Proportion of voting rights held by non-controlling interests	
		2022	2021	2022	2021
Smartbox Holdings Limited	England and Wales	17%	30%	17%	30%

* Ownership interests reflect the indirect economic interest held by the Group in material NCIs. The voting rights reflect the actual voting rights held by NCI in each of the entities disclosed

	2022 £'000	2021 £'000
Profit allocated to NCIs during the reporting period	526	464
Changes in shareholdings	(901)	-
Accumulated NCI at 30 September	1,539	1,914

Summarised financial information for the Smartbox Group is set out in the table below:

	2022 £'000	2021 £'000
Current assets	139	139
Non-current assets	20,688	11,983
Current liabilities	(2,769)	(3,550)
Non-current liabilities	(5,830)	(2,780)

29. Restatement

During the current financial year the following disclosure errors were identified and the comparatives have been restated.

a) Leases

- i. It has been identified that the total cash outflows for leases disclosed in note 10 of £7,693,000 has been understated by £5,019,000, being £2,467,000 relating to cash flows from leases previously reported as finance leases under IAS 17 and cash flows of £2,552,000 relating to low value and short-term leases, both of which were excluded the disclosure in error. The correction is explained in the below table:

	2021 £'000
Total cash outflows for leases as previously presented in Note 11	7,693
Existing IAS 17 leases now under IFRS 16	2,467
Low value and short-term leases	2,552
Restated total cash outflows for leases presented in Note 11	12,712

- ii. It has been identified that the table representing the movements in the analysis of changes in liabilities from financing activities in Note 26 has incorrectly classified and increase £5,675,000 as acquired through business combination as opposed to new leases. Additionally, a total amount of £879,000 relating to the expense and related cash flows for hire purchase motor vehicle interest, £413,000, and ground rent interest, £466,000, were left out of the disclosure in error, however correctly included in the income statement and statement of cash flows. This correction is presented in the below table:

	Lease liabilities £000	Business Combinations £000	Previous IAS 17 leases £000	Restated lease liabilities £000
1 October 2020	88,688	-	-	88,688
Cash flows	(9,230)	-	(879)	(10,109)
Acquired through business acquisitions	36,639	(5,675)	-	30,964
New leases	4,612	5,675	-	10,287
Interest expense	3,572	-	879	4,451
30 September 2021	124,281	-	-	124,281

- iii. It has been identified the expense relating to payments not included in the measurement of the lease liability in note 11 in 2021 was erroneously disclosed as £321,000, as a significant number of short-term lease costs were omitted. The correct amount is £2,552,000.

b) Non-controlling interests

- i. It has been identified that an error was included in note 28 relating to profit allocated to NCIs during the reporting period for AS Group and the accumulate NCI at 30 September 2021. Dividends and foreign currency translation reserve were incorrectly netted off to determine profit in 2021. As a result, the closing reserves position is incorrect, it should be £9,681,000 which includes a £46,000 opening balance discrepancy.

	Profit allocated to NCIs £000	Accumulate NCI £000
Previously stated	521	8,567
Dividends	1,160	1,160
Foreign currency translation reserve	320	-
Other	-	(46)
Restated	2,001	9,681

- ii. The table containing proportion of ownership interests held by non-controlling interests was incorrectly presented in the AS Group disclosure in note 28. Additionally the change in structure was omitted to be presented, AS2 Investments Holdings Ltd (ADGM) has now been included. This did not result in any measurement of the NCIs which were correctly calculated.

Subsidiary name	Principal place of business	Proportion of ownership interests held by non-controlling interests		Proportion of voting rights held by non-controlling interests	
		Previous	Restated	Previous	Restated
ACPN Dubai	United Arab Emirates	35%	66.5%	35%	35%
ACPN Abu Dhabi	United Arab Emirates	35%	66.5%	35%	35%
ACPN Al Ain	United Arab Emirates	35%	66.5%	35%	35%
AS1 Investments Holding Ltd (ADGM)	United Arab Emirates	6%	48%	6%	48%
AS2 Investments Holding Ltd (ADGM)	United Arab Emirates	-	10.1%	-	10.1%
Macani Medical Centre	United Arab Emirates	51%	46.1%	51%	1%

c) Loans and borrowings

Note 17 and the table of contractual cash flow maturities included in note 26 incorrectly disclosed the carrying amounts of secured bank loans gross of unamortised finance fees that have been capitalised of £4,507,000 as at 30 September 2021. The correct amount should be £317,896,000. This restatement is illustrated in the tables below:

	£000	£000
	Previously presented	Restated
Loan principal	322,403	322,403
Unamortised finance fees	-	(4,507)
Shareholders loans	1,758	1,758
	324,161	319,654

	£000
	Secured bank loans
Previously presented	322,403
Unamortised finance fees	(4,507)
Restated	317,896

d) Consolidated statement of changes in equity

Transactions with owners recorded directly in equity as at 30 September 2021 incorrectly included in the balance total comprehensive income of £34,584,000. The correct amount is £17,883,000. There is no impact to the total equity as at 30 September 2021.

	Share capital	Share premium	Shares held by Executive Shared Ownership Plan	Retained earnings	Merger reserve	Other components of equity	Total attributable to owners of the Parent	Non-controlling interest	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Previously									
Transactions with owners recorded directly in equity	1	472	468	14,499	-	(424)	15,016	1,685	16,701
Restated									
Transactions with owners recorded directly in equity	1	472	468	(17,409)	-	-	(16,468)	(1,415)	(17,883)

All restatements during the year have been referenced to this note.

Company Statement of Financial Position as at 30 September 2022

	Note	2022 £000	2021 £000
Non-current assets			
Tangible assets		122	135
Investments	32	411,188	402,781
		411,310	402,916
Current assets			
Trade and other receivables	33	223,227	236,041
Cash and cash equivalents		559	1,553
		223,786	237,594
Total assets		635,096	640,510
Current liabilities			
Loans and borrowings	34	321,196	-
Trade and other payables	35	41,995	40,642
		363,191	40,642
Non-current liabilities			
Loans and borrowings	34	-	319,356
Total liabilities		363,191	359,998
Net assets		271,905	280,512
Equity			
Share capital	37	575	566
Share premium		138,926	133,551
Merger reserve		125,842	125,842
Retained earnings		6,562	20,553
Total equity attributable to equity shareholders of the Parent		271,905	280,512

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement. The loss for the year included in the financial statements of the Company was £4,245,000 (2021 profit: £12,584,000).

These financial statements were approved by the Board of Directors and authorised for issue on 26th June 2023 and were signed on its behalf by:

Farouq Sheikh
Farouq Sheikh OBE
Group Executive Chairman
 Company number: 04457287

Chris Dickinson
Christopher Dickinson
Group Chief Financial Officer

Company Statement of Changes in Equity as at 30 September 2022

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total equity £000
At 1 October 2020	565	133,080	125,842	21,025	280,512
Profit for the year and total comprehensive income	–	–	–	12,584	12,584
Issue of shares	1	471	–	–	472
Share-based payments' charge	–	–	–	1,375	1,375
Dividends	–	–	–	(14,431)	(14,431)
At 30 September 2021	566	133,551	125,842	20,553	280,512
At 1 October 2021	566	133,551	125,842	20,553	280,512
Loss for the year and total comprehensive income	–	–	–	(4,245)	(4,245)
Issue of shares	9	5,375	–	–	5,384
Share-based payments' charge	–	–	–	6,223	6,223
Dividends	–	–	–	(15,969)	(15,969)
At 30 September 2022	575	138,926	125,842	6,562	271,905

Notes to the Company Financial Statements

30. Accounting policies

(a) Basis of preparation

CareTech Holdings PLC ('the Company') meets the definition of a qualifying entity under Financial Reporting Standard ('FRS') 100, issued by the Financial Reporting Council ('FRC'). Accordingly, the financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework. The financial statements have been prepared on a historical cost basis except in respect of those financial instruments that have been measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of cash flow statement and certain related-party transactions.

(b) Investments

Investments in subsidiary undertakings are stated in the balance sheet of the Company at cost less impairment written off.

(c) Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand and those with maturities of three months or less from inception, less overdrafts payable on demand.

(d) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between proceeds (net of transaction costs) and the redemption value being recognised in the consolidated income statement over the period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(e) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(f) Revenue

Revenue represents management fees receivable, in respect of the period to which management services relate.

(g) Share-based payments

The share option programme allows employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its subsidiary's financial statements with the corresponding credit being recognised directly in equity.

(h) Employee Benefit Trust ('EBT')

The Company has not elected to consolidate the employee benefit trust and consequently recognise it as an investment in subsidiary, and recognise a receivable balance for any shares issued to the trust, and is subsequently measured at amortised cost. These receivables are payable on demand and do not carry any interest. Considering these amounts are receivable on the sale of shares held by the trust and such shares are quoted higher than the value receivable, the Company are of the view that there are no credit losses as at balance sheet date.

(i) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. All financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Financial assets at amortised cost.
- Financial assets/liabilities held at ('FVTPL').

FVTPL assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

All income and expenses relating to financial assets that are recognised in the consolidated income statement are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other administrative expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in the consolidated income statement. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in consolidated income statement are included within finance costs or finance income.

From time to time, the long-term debt held by the Company are either refinanced as these come to maturity, or the margin on these facilities moves in line with the ratio of the Group's net debt to adjusted EBITDA. In either scenario, the Company reviews whether the debt is accounted for as a modification or an extinguishment of the liability. A substantial modification should be accounted for as an extinguishment of the existing liability and the recognition of a new liability. A non-substantial modification should be accounted for as an adjustment to the existing liability. Both the quantitative and qualitative aspects of the modification are taken into account to ascertain whether the modification is substantial and these can include the change in covenants, repayment dates and the effective interest rate. If modification accounting is adopted, the carrying value of the existing liability is adjusted for fees paid or costs incurred and the effective interest rate is amended at the modification date. If extinguishment accounting is adopted, the existing liability is de-recognised and the new or modified liability is recognised at its fair value, the gain or loss equal to the difference between the carrying value of the old liability and the fair value of the new one is recognised, any incremental costs or fees incurred and any consideration paid or received is recognised in profit or loss and a new effective interest rate for the modified liability is calculated and used in future periods.

Derivative financial instruments

From time to time, the Company enters into derivative financial instruments, such as interest rate swaps, to manage its exposure to interest rate risk.

Derivatives are initially recognised at fair value at the date a derivative is entered into and are subsequently re-measured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in the consolidated income statement immediately. A derivative is presented as a non-current asset or non-current liability if the Company has an unconditional right to defer payment beyond 12 months. Otherwise derivatives are presented as current assets or liabilities.

As part of the incorporation of Smartbox Holdings, the Group has granted the non-controlling interests the option to request the Group to acquire some or all of their shares in Smartbox Holdings Limited. The Company recognises the liability for this put option on a net basis as it is not own equity.

(j) Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

(k) Merger reserve

The merger reserve represents the premium arising on the ordinary shares issued as consideration for the acquisition of shares in another company ('merger relief').

Merger reserve

	2022 £000	2021 £000
Opening balance 1 October	125,842	125,842
Issue of shares (see Note 24)	–	–
At 30 September	125,842	125,842

31. Dividends

The aggregate amount of dividends comprises:

	2022 £000	2021 £000
Interim dividend paid in respect of prior year but not recognised as liabilities in that year (4.6p per share, (2021: 4.0p per share))	5,210	4,525
Final dividend paid in respect of the prior year (9.5p per share, (2021: 8.75p per share))	10,759	9,906
Aggregate amount of dividends paid in the financial year (14.1p per share (2021: 12.75p per share))	15,969	14,431

The aggregate amount of dividends proposed and not recognised as liabilities as at the year-end is nil per share, £nil (2021: 14.1p per share, £10,482,790).

32. Investments

	Shares in Group undertakings £000
Cost and net book value	
At 1 October 2021	402,781
Acquisitions (see Note 4)	8,407
At 30 September 2022	411,188

33. Trade and other receivables

	2022 £000	2021 £000
Amounts owed by Group undertakings	206,616	224,738
Amounts owed by the Employment Benefit Trust	10,763	11,303
Amounts owed by parent	5,327	-
Other debtors	521	-
	223,227	236,041

These balances owed by Group undertakings accrue intercompany interest at a rate of 3% per annum and are repayable on demand. Please refer to note 1 and the statement on going concern. Intercompany financial assets were assessed by management for impairment using the expected credit loss model under IFRS 9. The assets are considered to have low credit risk and consequently an immaterial credit loss was assessed and no provision has been made.

34. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, please see note 26 in the Group accounts.

Terms and debt repayment schedule

	Currency	Nominal interest rate (%)	Year of maturity	Book value 2022 £000	Book value 2021 £000
Term loan	£	4.29 (2021: 2.04) ¹	2023	161,202	161,202
Term loan	£	4.54 (2021: 2.04) ¹	2023	161,201	161,201
Revolving credit facility term loan	£	(2021: 2.04) ¹	2023	-	-
				322,403	322,403

¹ The margin on the facilities is stated at the current rate and can change between 1.50% and 3.25% based on the ratio of the Group's net debt to adjusted EBITDA.

The principal amounts and associated interest were settled in full on 7 October, please see note 26.

35. Trade and other payables

	2022 £000	2021 £000
Amounts due to Group undertakings	30,302	37,259
Other creditors	11,693	3,383
	41,995	40,642

These balances due to Group undertakings accrue intercompany interest at a rate of 3% per annum.

36. Contingent liabilities

As per note 28, the Company have taken the audit exemption for a number of subsidiaries by virtue of s479A of the Companies Act. A Parent Company guarantee has been provided for these entities under s479C of the Companies Act.

37. Called-up share capital

	2022 £000	2021 £000
Allotted, called up and fully paid:		
114,915,043 (2021: 113,327,459) ordinary shares of 0.5p each	575	566
53,402 deferred shares of 0.5p each	0	0
	575	566

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The deferred shares have no such rights. Details in respect of the movements in equity are given in note 23 to the Group financial statements.

Details in respect of the reserves are given in note 24 to the Group financial statements.

38. Staff numbers and costs

The Company has no employees (2021: none) other than the Directors. Directors' emoluments are shown on page 44.

39. Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans. The total Company expense relating to these plans in the current year was £nil (2021: £nil).

Share-based payments

There was no expense for share-based payments relating to the Company's employees in the year (2021: £nil).

The grants and related accounting treatment adopted by the Company is identical to that operated by the Group under IFRS 2 'Share-Based Payments' (see note 22).

40. Related parties

The Company receives dividends from its subsidiaries according to their ability to remit them and received interest in intergroup loans. Other details of related-party transactions have been given in note 27 to the consolidated accounts.

Under FRS 101, the Company is exempt from disclosing key management personnel compensation and transactions with other entities wholly owned by the Company.

41. Controlling party

Prior to 27 September 2022, Caretech Holdings Limited (formerly, Caretech Holdings PLC) was a publicly listed company. From 27 September 2022 onwards, the parent is Amalfi Bidco Limited, a company incorporated in United Kingdom whose registered address is Metropolitan House, 3 Darkes Lane, Potters Bar, Hertfordshire EN6 1AG. The ultimate controlling party is Amalfi Topco Limited, a Company incorporated in Jersey whose registered address is 47 Esplanade, St. Helier, JE1 0BD.