Amalfi Cleanco Limited

Annual Report and Accounts for the period ended 30 September 2023

Registered number: 14185950

Company Information

Chairman	Farouq Sheikh
Directors	*Haroon Sheikh* Christopher Dickinson Marco Anatriello Pablo Velez Calvo
Company *Secretary*	Christopher Dickinson
Registered Office	5th Floor Metropolitan House 3 Darkes Lane Potters Bar Hertfordshire EN6 1AG
Auditor	Grant Thornton UK LLP 30 Finsbury Square London *EC2A 1AG*

Group Executive Chairman's Statement

Introduction

In September 2022, Caretech Holdings Limited and all of its subsidiaries (the CareTech Group) was acquired by Amalfi Bidco Limited, a wholly owned subsidiary of Amalfi Cleanco Limited (the "Company").

The CareTech Group is a leading provider of healthcare, education, social care, training and technology innovations. For close to 30 years, we have offered specialist, high quality services for children, young people and adults with complex needs in more than 550 locations in the UK and internationally.

Our portfolio of services, delivered by over 12,000 staff, supports a range of people with mental health needs, learning disabilities, autism, acquired brain injury, physical disabilities or other complex needs across hospitals, residential services, schools and foster care.

CareTech's Smartbox solutions are pioneering innovative assistive technology and enabling enhanced levels of independence for service users. Through our subsidiaries Purple and EnableAll, we strive to create equality and challenge the narrative around disability and inclusion.

The past year has been a pivotal one for CareTech with the company returning to private ownership to drive its next period of growth and innovation.

On behalf of the directors, I would like, once again, 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 4.

Dividend

The directors of Amalfi Cleanco Limited did not recommend the payment of dividend during the period.

Directors

Details of the current Directors are set out on page 11.

Corporate Governance

The Company is a privately-owned company but the directors firmly believe 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.

Accordingly, and with a view to best practice, the Group has developed its own internal corporate governance framework broadly based on the principles set out in the UK Corporate Governance Code (UKCGC). However, the Group has not formally adopted the UKCGC and, therefore, does not report against it

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

The directors met 4 times during the period and focused primarily upon strategic and policy issues and is responsible for leadership of Amalfi Cleanco Limited and all its subsidiaries (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.

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 to 30 April 2025, for the going concern period 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 period end, a number of properties have been utilised as part of a financing arrangement, subject to long-term lease agreements. The proceeds generated of £310m have been used to pay, in part, the new credit facilities with Ares Management Limited. The Directors have 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

Shortage of appropriate labour in health and social care has been widely publicised and we acknowledge that this has been challenging to our operations along with other inflationary increases. Notwithstanding these pressures, the CareTech Group has traded strongly through the year and we continue to believe in our investment strategy which meets an increasing critical social care need.

The fundamentals to the business remain strong and we remain committed to paying our staff above the National Living Wage, provide high-quality care to those we look after and are confident in the Group's continued growth.

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.

On behalf of the Directors, 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.

Farouq Sheikh

Farouq Sheikh OBE
Group Executive Chairman

02 February 2024

Strategic Report for the Period Ended 30 September 2023

The Directors present their strategic report for the period ended 30 September 2023.

Principal activity

The CareTech Group is a leading provider of healthcare, education, social care, training and technology innovations. For 30 years, we have offered specialist, high quality services for children, young people and adults with complex needs in more than 550 locations in the UK and internationally.

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.

CareTech's Smartbox solutions are pioneering innovative assistive technology, empowering communication and enabling enhanced levels of independence for service users.

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.

Fair review of the business

As set out above, on 27 September 2022, a subsidiary of the company, Amalfi Cleanco Limited acquired the entire share capital of CareTech Holdings PLC. The capital position of the group is very strong, with long-term funding in place, comprising non-amortising bank debt maturing in 2027.

As with many organisations at this time, the UK employment market is providing significant challenges to our ability to recruit and retain staff. This has led to occupancy being below our expectations or agency staff being used which has impacted our operating margins. Over the last 12 months, the Group has undertaken a number of initiatives to improve recruitment and retention levels including the Group increasing the minimum national hourly rate to £10.75 which is above the National Living Wage hourly rate of £10.42. Local Authorities recognize the importance of front line staff and them being critical to delivery of high quality care and the Group was therefore able to offset these additional labour costs through fee inflation.

The Group's Profit and Loss Account is page 21 and 22. Revenue for the period ending 30 September 2023 amounted to £574.6m and gross profit £202.2m. On a like for like basis, revenue in the 12 months to September 2023 has increased by 10% against the equivalent prior period of the legacy Caretech group. Gross profit was in line with management's expectations. Operating profit of £12.2m included depreciation of £28.0m and amortisation of £16.4m. Loss for the period of £96m stated after non-cash charges including an interest charge of £133.3m and taxation of £24.9m.

The Group's balance sheet on page 23 shows that the Group has net liabilities of £90.1m. The reconciliation of the movement is shown in the consolidated statement of changes in equity on page 25.

During the period, Smartbox Holdings Limited, an indirect subsidiary, acquired Talk To Me Technologies (TTMT), one of the leading suppliers of Augmentative and Alternative Communication (AAC) in the US. The Group has also invested substantially in enhancing its existing services, developing new services and investing in technology to improve outcomes.

The Group has executed on a number of sale packages using the Group's properties. The CareTech Group continues to occupy the properties and are subject to long-term lease agreements. Proceeds raised of £308m have been used to repay the Bridge Loan as detailed in Note 17. The net debt position of the Group at year end was £780.5m, comprising £838.3m bank loans and overdrafts and £57.8m cash. Lease liabilities were £246.2m, increasing during the year due to a number of property transactions

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 defendable 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 Director 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* – 68.3%

* The number of employees working for the period to 30 September 2023 as a percentage of the number of employees at 1 October 2022.

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.

For discussion of financial KPIs (revenue and gross profit), please refer to the fair review of the business on page 4.

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 84% and Ofsted 79%

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%

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

Approved by the Board on 02 February 2024 and signed on its behalf by:

Farouq Sheikh

Farouq Sheikh
Director

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

The Board of Directors of Amalfi Cleanco Limited 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 2023.

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 ability to create 'Extraordinary days, every day' for the people we care for is wholly dependent upon the dedication and tireless work of our staff teams, and the exemplary support they provide. We employ over 12,000 qualified and skilled staff including care workers, teachers, clinical and therapeutic specialists, service managers, and support services team members. The commitment, passion, empathy, and professionalism of our staff bring the values of the organisation to life on a daily basis, to the benefit of the people we support.

Engagement and development

The Board recognises the central importance of engaging effectively with, and providing developmental opportunities for staff throughout the organisation to underpin the continuous improvement of operational and commercial performance.

Staff information and consultation mechanisms periodically are reviewed, and dedicated resources are assigned to ensure the effective flow of communication up, down, and across the organisation. A refreshed staff wellbeing survey will be undertaken in early 2024, the key outputs of which will inform a re-assessment of opportunities to further enhance our employee value proposition, Aligned to this, increased focus in the important area of Equality, Diversity, and Inclusion is being applied with particular emphasis on inclusive recruitment policy and practice. Working partnerships with organisations such as The Prince's Trust and Breaking Barriers are central to our commitment to provide career opportunities to those currently under-represented in the sector, and to those members of society that face significant challenges in securing employment more generally.

In acknowledgement of the importance of effective leadership at all levels of the organisation we have increased our investment in management learning & development and performance in the past 12 months, through the deployment of additional resources, and innovation in programme content and delivery.

In order to address the persistent challenge of staff attraction and retention across the sectors in which we operate, we continue to evolve our recruitment practices, including development of our digital labour market presence, more efficient deployment of out Applicant Tracking System tool, and enhancement of our onboarding and induction processes at all levels of the organisation.

Impact on Board decisions

The Board have taken note of the aforementioned challenge of retention and attraction when setting its National Living Wage policy. The Board has 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 and set out in our CARE4 Responsible Business Strategy. Strategic oversight of our sustainability agenda is provided by our new ESG Committee, chaired by our Group Sustainability Director and involving the Chairman, Chief Financial Officer and a representative from Three Hills Capital.

How we engage

One year in to our CARE4 strategy, we are proud not just of the achievements we have delivered over the last 12 months but the manner in which the company's people have embraced this agenda. Across the whole business, our people have demonstrated.

A key priority this year has been commissioning a detailed analysis of the company's carbon emissions to inform our decarbonisation strategy. Other initiatives include launching our recycling campaign, entering a new waste management contract which places a heavy emphasis on sustainable waste management practices, a group wide bike loan scheme and starting the first wave of replacing our service based vehicle fleet with lower carbon vehicles.

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 02 February 2024 and signed on its behalf by:

Farouq Sheikh

Farouq Sheikh
Chairman

Directors' Report for the Period Ended 30 September 2023

The Directors present their report and the financial statements for the period ended 30 September 2023.

Incorporation

The Company was incorporated on 21 June 2022.

Business review and future developments

The results for the financial period ended 30 September 2023 are set out in the consolidated statement of comprehensive income detailed on pages 21 to 22. Revenue for the period was £574.6m with operating profit for the period of £12.2m and loss before tax of £121.0m. Research and development undertaken by the Group is detailed in note 12 relating predominantly to the Group's assistive technology and internally generated software.

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.

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

Farouq Sheikh	– Appointed June 2022
Haroon Sheikh	– Appointed July 2022
Christopher Dickinson – Company secretary	– Appointed July 2022
Marco Anatriello	– Appointed June 2022
Pablo Velez Calvo	– Appointed July 2022

Farouq Sheikh OBE, Group Executive Chairman
Founder of Caretech Group.

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 of Caretech Group.

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 of Caretech Group 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.

Marco Anatriello

Marco is a partner at Three Hills Capital Partners. Prior to joining the Firm, Marco was a Co-founder, Partner and Member of the Board of Bluegem Capital Partners, a successful Pan-European consumer focused fund which raised since inception and during his tenure more than €800m of capital across three primary funds and a secondary platform. At Bluegem Marco worked on several investments across Europe and sat on several companies' Boards. Earlier in his career he worked at Merrill Lynch in the Investment Banking team and in the Strategic Solutions Group both in Milan and London, gaining exposure to M&A, equity and debt-linked products and fixed-income derivatives.

Marco graduated summa cum laude in Business Administration at Bocconi University after spending one academic semester at the University of Southern California – Marshall School of Business in Los Angeles.

Pablo Velez Calvo

Pablo is a partner at Three Hills Capital Partners. Prior to joining the firm, Pablo was a Managing Director within the European Principal Group at Oaktree Capital Management where he lead deals in which over €1 billion of LP funds were invested from both the private equity funds and the direct lending funds. Earlier in his career, he worked in the Lehman Brothers Merchant Banking Group and its successor fund investing in Europe. Before that, he was based in New York and invested in Latin America while at DB Capital Partners, the private equity arm of Deutsche Bank.

The Directors

The Directors focus primarily upon strategic and policy issues and are 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.

Dividends

No dividends were declared during the period.

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 25 to the financial statements.

Political donations
The Group made no political donations during the period.

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.

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.

Stakeholder engagement

Please see details of our stakeholder engagement within our s172(1) statement on pages 7 to 10.

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 Directors are provided with updates on material whistleblowing events as they are reported from time to time to the Executive Leadership Team.

Post balance sheet events

Secured long-term loans

A number of properties have been utilised as part of a financing arrangement raising £33m, subject to long-term lease agreements, on 20 December 2023 subsequent to period end.

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.

Approved by the board of directors on 02 February 2024 and signed on its behalf by:

Christopher Dickinson

Christopher Dickinson

Group Chief Financial Officer

Carbon Emissions

Amalfi Cleanco Limited recognises that our global operations have an environmental impact and we are committed to monitoring and reducing our emissions year-on-year.

SECR Energy Use and Carbon Emissions Disclosure

Amalfi Cleanco Limited disclose our energy use and greenhouse gas emissions that the Group are responsible for.

Targets

The Group have not developed any carbon targets for the current reporting period.

Intensity Measurement

The intensity metric chosen is number of Full Time Equivalent Employees as at the financial year ending 30th of September 2023. This was chosen as the most suitable metric as the organisation's operations are closely linked to the number of employees supporting the provision of care across a wide spectrum of clients.

Carbon Offset

The Group have no qualifying carbon offsets during this financial period

Energy Efficiency Narrative

Over the twelve-month reporting period, 1 October 2022 to 30 September 2023, the organisation has undertaken the following principal actions which have had a direct impact on the energy efficiency of the organisation.

- Replaced 302 aged diesel vehicles with newer and more fuel-efficient petrol and diesel RDE2 compliant vehicles.
- Added an additional 7 Electric Vehicles and 3 PHEV added to the company fleet.
- Replaced 88 new boilers with more efficient condensing boilers.
- Introducing a scheme of replacing lighting with LEDs when they come to the end of their lifespan.

The surveys and associated reports completed as part of Phase 2 ESOS should provide a route map for which energy conservation measures can be implemented cost effectively. To reduce energy consumption, cost, and carbon emissions, The Group is continuing their existing good work and implement further energy conservation measures in the next 12-month period, and as the changing Covid-19 situation allows.

EMISSIONS AND ENERGY USAGE

	2023 Consumption kWh
Electricity	12,132,402
Transmission Distribution Losses	
Heating Fuels+ Refrigerant	41,834,450
Transport Fuels	19,620,095
Gross Annual Total	73,586,947
Intensity Metric (FTE)	
Total TCO2e/FTE	1.87
Qualifying Green Tariffs	12,132,402
Net Annual Total	61,454,545

Table 1 – Primary Statement

The above reported carbon emissions translate to Scope 1, 2 and 3 emissions as follows:

	2023 Consumption kWh	2023 Emissions (TCO2e)
Scope 1*	59,468,312	13,066.27
Scope 2 (location based)	12,132,402	2,512.31
Scope 2 (market based)	0	0.00
Scope 3	1,986,234	698.91
Total (location based)	73,586,947	16,277.49
Total (market based)	61,454,545	13,765.18

Table 2: Greenhouse Gas Emissions

** transport fuel consumption and mains gas included, no fugitive emissions recorded.*

Footnotes

The Group has chosen operational control as the consolidation approach and the boundary includes all entities and facilities either owned or under our operational control that are within the UK.

The methodology used to calculate the CO2e emissions is the Operational Control approach on reporting boundaries as well as utilising the carbon emissions methodology as defined by the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol (GHG): A Corporate Accounting and Reporting Standard, Revised Edition. Emissions factor data source: BEIS 2023 conversion factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023.
Reporting covers electricity, gas and transport fuel consumption within the UK.

Emissions in tonnes CO2e in line with the GHG Protocol Corporate Standard (2004) including revised Scope 2 guidance (2015) which discloses a market based figure in addition to the location based figure. Scope 2 emissions have been calculated in accordance with GHG Protocol guidelines, in both location and market based methodologies. We have used a zero emission factor where we have renewable contracts in place in the UK.

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. As permitted under the Companies Act 2006 the Directors have elected to prepare the Group financial statements in accordance with UK-adopted international standards and the Company financial statements in accordance with UK Generally Accepted Accounting Practice comprising FRS 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 for the Group financial statements and UK Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, 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.

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Audit Report

Independent auditor's report to the members of Amalfi Cleanco Limited

Opinion

We have audited the financial statements of Amalfi Cleanco Limited (the 'parent company') and its subsidiaries (the 'group') for the period from 21 June 2022 to 30 September 2023, which comprise of 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 2023 and of the group's loss for the period 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 stemming from recent inflationary pressures. 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.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

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

Other information

The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report and accounts. 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.

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 themselves. 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 their 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

As explained more fully in the directors' responsibilities statement set out on page 16, 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.

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).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- 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, taxation and the regulatory framework the Group operates within, being (respectively) UK-adopted international accounting standards (for the Group), Financial Reporting Standard 101 'Reduced Disclosure Framework' (for the parent company), the Companies Act 2006, the UK corporate tax regime, the application of local sales tax and overseas income taxes of the subsidiaries and other permanent establishments, the UK social care regulatory regime, and the Data Protection Act 2018;
- 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 corroborated the results of our enquiries to relevant supporting documentation;
- 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 and specific selection criteria designed to identify journals with a higher risk of fraud;
  - Planning and executing specific procedures to respond 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;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- The component auditors were asked to identify any instances of non-compliance with applicable laws and regulations which could give rise to a material misstatement. They did not identify any matters relating to non-compliance with laws and regulations or relating to fraud. 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.

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.

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

Stephen Osborne

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
02 February 2024

Consolidated Income Statement
for the period 21 June 2022 to 30 September 2023

	Note	**2023 Total £000**
Revenue	5	**574,628**
Cost of sales		**(372,427)**
Gross profit		**202,201**
Administrative expenses		**(189,953)**
Operating profit		**12,248**
Finance expenses	8	**(133,302)**
Loss before tax		**(121,054)**
Taxation	9	**24,927**
Loss for the period		**(96,127)**
Non-controlling interest		**5,393**
Loss for the period attributable to equity shareholders of the Parent		**(101,520)**

Consolidated Statement of Comprehensive Income
for the period 21 June 2022 to 30 September 2023

	Note	2023 Total £000
Loss for the period		**(101,520)**
Item that may be subsequently reclassified to the income statement:		
Exchange movements on overseas net assets		(6,799)
Items that will not be reclassified to income statement:		
Exchange movements on overseas net assets of non-controlling interests		(663)
Other comprehensive loss for the period		**(7,462)**
Total comprehensive loss for the period		**(103,589)**
Non-controlling interest		**4,730**
Total comprehensive loss for the period attributable to owners of the Parent		**(108,319)**

Consolidated Statement of Financial Position
as at 30 September 2023

	Note	2023 £000
Non-current assets		
Property, plant and equipment	10	**659,537**
Right-of-use assets	11	**242,457**
Intangible assets	12	**247,609**
Goodwill	12	**274,877**
Derivative financial instruments	21	**2,316**
		1,426,796
Current assets		
Inventories	13	**8,612**
Trade and other receivables	14	**56,116**
Cash and cash equivalents	15	**57,792**
		122,520
Total assets		**1,549,316**
Current liabilities		
Trade and other payables	18	**523,558**
Lease liabilities	11	**4,688**
Loans and borrowings	17	**28,398**
Deferred consideration payable		**5,061**
Corporation tax		**8,101**
Deferred income	16	**10,195**
		580,001
Non-current liabilities		
Loans and borrowings	17	**655,010**
Lease liabilities	11	**241,530**
Deferred tax liabilities	19	**144,881**
Provisions	20	**9,550**
Derivative financial instruments	21	**9,173**
		1,060,144
Total liabilities		**1,640,145**
Net liabilities		**(90,829)**
Equity		
Share capital	22	**1**

Other components of equity	23	**(7,578)**
Retained earnings	23	**(101,520)**
Total equity attributable to equity shareholders of the Parent		**(109,097)**
Non-controlling interest	27	**18,268**
Total equity		**(90,829)**

These financial statements were approved by the Board of Directors and authorised for issue on 02 February 2024 and were signed on its behalf by:

Farouq Sheikh

Farouq Sheikh OBE

Group Executive Chairman
Company number: 143752

Christopher Dickinson

Christopher Dickinson

Group Chief Financial Officer

Consolidated Statement of Changes in Equity
as at 30 September 2023

	Share capital £000	Retained earnings £000	Other components of equity £000	Total attributable to owners of the Parent £000	Non-controlling interest £000	Total equity £000
Loss for the period	–	(101,520)	–	(101,520)	5,393	(96,127)
Other comprehensive income	–	–	(6,799)	(6,799)	(663)	(7,462)
Total comprehensive income	**–**	**(101,520)**	**(6,799)**	**(108,319)**	**4,730**	**(103,589)**
Issue of ordinary shares net of transaction costs	1	–	–	1	–	1
Business combinations (Note 4)	–	–	–	–	16,906	16,906
Dividends	–	–	–	–	(3,954)	(3,954)
Changes in shareholding of subsidiaries (Note 27)	–	–	(779)	(779)	(543)	(1,322)
Equity contributions by non-controlling interest	–	–	–	–	1,129	1,129
Transactions with owners recorded directly in equity	1	–	(779)	(778)	13,538	12,760
At 30 September 2023	**1**	**(101,520)**	**(7,578)**	**(109,097)**	**18,268**	**(90,829)**

Consolidated Statement of Cash Flows
for the period ended 30 September 2023

	Note	2023 £000
Cash flows from operating activities		
Loss before tax		(121,054)
Adjustments for:		
Financial expenses	8	133,302
Depreciation	10,11	28,014
Amortisation of intangible assets	12	16,415
Loss on disposal of property, plant and equipment		692
Impairment of property, plant and equipment		7,754
Operating cash flows before movement in working capital		**65,123**
Increase in inventory		(1,188)
Decrease in trade and other receivables		18,657
Decrease in trade and other payables		(16,882)
Cash inflows from operating activities		**65,710**
Tax paid		(623)
Net cash from operating activities		**65,087**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment		2,300
Business combinations net of cash acquired	4	(706,760)
Acquisition of property, plant and equipment	10	(25,483)
Acquisition of software	12	(4,088)
Payment of deferred consideration		(4,860)
Net cash used in investing activities		**(738,891)**
Cash flows from financing activities		
Bank loan repaid	4	(591,634)
Bank loans drawn down		799,053
Proceeds from secured long-term loans		106,583
Proceeds from sale and leaseback transactions		199,707
Contributions by non-controlling interest		979
Receipts from fellow group undertakings		279,359
Interest paid		(36,418)
Principal payment of lease liabilities		(3,946)
Interest payment of lease liabilities		(17,279)

Dividends paid to non-controlling interest		(3,954)
Net cash from financing activities		**732,450**
Net increase in cash and cash equivalents		**58,646**
Exchange differences on cash and cash equivalents		(854)
Cash and cash equivalents at 30 September 2023	15	**57,792**

Notes to the Consolidated Financial Statements

1. Background and basis of preparation

Amalfi Cleanco 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 period 21 June 2022 to 30 September 2023 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 72 to 77 present information about the Company as a separate entity and not about its Group.

The consolidated financial statements were approved and authorised for release by the Board of Directors on 02 February 2024.

Going concern

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 April 2024 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, external debt facilities and shareholder loans. The Company has modelled a 'base case' forecast which takes into account the management's expectation in relation to occupancy, fee rates, resident mix, care hours and costs (including agency) with the anticipation of high levels of inflation continuing, and a full programme of maintenance capital expenditure. In addition, subsequent to period end, a number of properties have been utilised as part of a financing arrangement raising £33m, subject to long-term lease agreements. The proceeds generated of circa £310m during the year have been used to pay down, in part, the new credit facilities with Ares Management Limited. The base case scenario indicates that the Company will have sufficient resources to settle its debt as they fall due and operate within its leverage covenant for the going concern assessment period.

A more cautious but plausible scenario has been analysed, in which sales have been reduced, interest rates continue to rise and further real estate transactions forecast in the base case are not completed within the going concern period being assessed. The Company has reviewed, and is satisfied with, the mitigating actions that it could take if such an outcome were to occur. Such actions include, but are not limited to, reducing discretionary development capital expenditure or exercising the Company's right to partly convert interest payments from cash settled to paid in kind. Under this scenario, the Company would still have sufficient resources to settle liabilities as they fall due and operate within its leverage covenant for the going concern assessment period. In addition, there are sufficient property assets that could be used to raise additional cash if required through further real estate transactions which have not been factored into this scenario.

The Company has also performed a 'reverse stress test' which shows the Company could withstand a 22% reduction in EBITDA from those assessed in the 'base case' along with the identified mitigating actions, throughout the going concern period before the Company would have insufficient resources to settles its debt. The directors consider this scenario to be remote and are also planning further real estate transactions which would create additional liquidity and make the reverse stress test scenario even more remote in possibility.

After due considerations of the matters above, the Directors have satisfied themselves 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 in the Group financial statements.

New and amended standards and interpretations effective in the period

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, IAS41	1 January 2022

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:

Title	Subject	Effective date per standard
Amendments to IAS 1, presentation of financial statements on classification of liabilities	Narrow scope amendments to IAS1, 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 initial recognition give rise to equal amounts of taxable and deductible temporary differences	1 January 2023
Amendments to IAS 12 international tax reform	Amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	1 January 2023
Amendments to IFRS 16, lease liability in a sale and leaseback	Amendments clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	1 January 2024
Amendments to IAS 1, Non-current liabilities with covenants	Amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability	1 January 2024

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.

(c) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 September 2023. 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 is their statutory reporting date. Subsidiaries with a different reporting date prepare financial information to match the Parent Company's reporting date for consolidation purposes. 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 (or group of 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').

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

The Group recognises trade receivables under cancellable contracts only to the extent that the underlying services have been performed, and therefore where an unconditional right to consideration has been established.

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

Trade receivables have been grouped based on shared credit risk characteristics and the days past due in order to measure expected credit losses.

The expected loss rates are based on the payment profiles of sales in the CareTech Group, which existed prior to incorporation of Amalfi Cleanco Limited, over a period of 48 months and before 30 September 2022 and 30 September 2023 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.

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.

(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.

(l) Provisions

A provision, 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.

Income which has been invoiced but irrecoverable is treated as a bad debt expense. Revenue invoiced in advance is included in deferred revenue when there is an unconditional right to consideration, 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 transaction price 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

Revenue from the sale of hardware 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.

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, being an entity's right to consideration in exchange for services that the Group has provided to the customer when that right is conditioned on something other than passage of time. For instances where there is an unconditional right to receive consideration but no sales invoice has been issued, these are 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.

Sale and leaseback

The Group has entered into sale and leaseback transactions during the period. The performance obligations are assessed under IFRS 15.

If the requirements under IFRS 15 are met the transaction is treated as a sale and leaseback. The Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, any below-market terms are accounted for as a prepayment of lease payments and any above-market terms are accounting for as an additional financing arrangement.

If the requirements under IFRS 15 are not met, the Group continues to recognise the transferred asset and recognises a financial liability equal to the proceeds, which is accounted for as a financial liability measured subsequently at amortised cost using the effective interest rate method.

(r) Taxation

Tax on the profit or loss for the period 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 period, 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. 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.

3. Accounting estimates and judgements

The preparation of financial statements in conformity with UK- adopted international accounting 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 (or group of CGUs) to the assets attributable to these CGUs (or group of CGUs). The value-in-use calculation is based on an estimate of future cash flows expected to arise from the CGUs (or group of 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 and other inputs 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 CareTech Holdings Limited

On 27 September 2022, Amalfi Bidco Limited acquired CareTech Holdings Limited, a family of companies that provide high-quality care and support across the whole social care spectrum for children and adults below retirement age. CareTech Holdings Limited was delisted from AIM and acquired via a scheme of arrangement. The entire share capital was acquired for £861.9m.

The acquisition-date fair value table is as follows:

	Total £000s
Intangible assets	258,287
Property plant & equipment	848,991
Right-of-use asset	65,626
Trade and other receivables	101,531
Inventory	6,764
Cash	33,382
Deferred tax	(167,394)
Trade and other payables	(87,230)
Deferred consideration	(8,052)
Loans and borrowings	(322,851)
Lease liabilities	(65,626)
Deferred income	(39,975)
Corporation tax	(10,229)
Provisions	(5,258)
Derivative financial instruments	(4,994)
Net assets on acquisition	**602,972**
Less: Non-controlling interest	**(16,885)**
	586,087
Consideration paid	861,930
Goodwill	275,843

Consideration paid	
Cash	731,755
Settled in shares	130,175
Total consideration	861,930

Reconciliation to the cash flow statement	£000
Cash paid	731,755
Cash acquired	(33,382)
Payments for business combination net of cash acquired	698,373

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

The fair value of trade and other receivables expected to be collected consists of £101,664,000 gross contractual amounts receivable reduced by future expected credit losses of £133,000.

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 primarily to customer relationships of £180.1m, brands of £62.8m and digital technology of £9.2m. A respective deferred tax liability of £60.9m was raised.

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.

Costs relating to this acquisition of £15.3m have been expensed in the Income Statement in accordance with IFRS3 and included in administrative expenses.

The Caretech Group contributed the entire revenue for the period, and loss of £62.8m between acquisition and the balance sheet date. Had the acquisition of the Caretech Group occurred from the first day of the period, the Groups revenue would be higher by £143.1m and profit before tax higher by £2.5m.

(b) Acquisition of Talk To Me Technologies

On 31 May 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 product 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.

The acquisition-date fair value table is as follows:

	Total **£000s**
Intangible assets	2,660
Property plant & equipment	270
Trade and other receivables	2,903
Inventory	660
Cash	131
Deferred tax	(734)
Trade and other payables	(497)
Net assets on acquisition	**5,393**
Consideration paid	8,970
Goodwill	3,577

Consideration paid was:	**£000**
Cash	7,301
Deferred consideration	1,669
Total consideration	8,970

Reconciliation to the cash flow statement	**£000**
Cash paid	7,301
Cash acquired	(131)
Payments for business combination net of cash acquired	7,170

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

The fair value of trade and other receivables expected to be collected consists of £4,172k gross contractual amounts receivable reduced by future expected credit losses of £1,269k.

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 TTMT customer relationships and trade name.

Costs relating to this acquisition of £349k 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 customer relationships of £1.7m and trade name £1.0m was recognised on acquisition. A respective deferred tax liability of £0.7m was raised.

TTMT contributed revenue of £7.1m and a profit of £0.8m to the Group's profit after tax for the period between the date of acquisition and the balance sheet date. Had the acquisition of TTMT occurred from the first day of the period, the Groups revenue would be higher by £21.2m and profit before tax higher by £2.3m.

5. Revenue

Revenue is analysed by class of business as follows:

	2023 £000
Care services transferred over time	**533,592**
Digital technology	**41,036**
Total	**574,628**

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 £58.8m, in addition revenue by the Smartbox Group has been generated in Europe of £21.3m, North and Central America of £11.5m, Australasia of £0.8m, and Middle East and Africa of £1.3m. All other revenues arise within the UK.

6. Operating profit

Operating profit for the period is stated after charging:

	2023 £000
Fees payable to the Group's auditor and its associates for the audit of the consolidated Parent and Parent Company's annual accounts	787
Fees payable to the Group's auditor and its associates for the audit of the accounts of subsidiaries	39
Agency costs	21,692
Foster parent pay	15,732
Acquisition costs	15,657
Motor vehicle and travel expenses	10,715
Utilities	9,500
Service users welfare costs	9,406
IT and telecommunication costs	7,560
Insurance costs	5,933
Catering costs	4,658
Repairs and maintenance	4,764

7. Staff numbers and costs

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

	Number of employees
	2023
Operational and service delivery staff	**10,756**
Maintenance	**126**
Management and administration	**1,230**
	12,112

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

	2023 **£000**
Wages and salaries	317,077
Social security costs	23,743
Other pension costs	6,008
	346,828

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

	2023 **£000**
Wages and salaries	2,300
Benefits	185
Other pension costs	173
	2,658

Emoluments of the highest paid director were £1,130k, which includes contributions of £nil to a defined contribution pension scheme. There were no other benefits owed to directors at the period end.

Post-employment benefits are accruing for no directors under a defined contribution pension scheme.

8. Finance expenses

	2023 £000
Interest expense on financial liabilities at amortised cost:	
On bank loans and overdrafts	70,724
Interest payable to fellow group undertakings	42,959
Finance charges in respect of leases	17,279
Derivative financial instruments	1,951
Interest on deferred consideration	389
Total finance expenses	133,302

9. Taxation

(a) Recognised in the consolidated income statement

	2023 £000
Current tax income/(expense)	
Current year	(1,757)
Total current tax	**(1,757)**
Deferred tax expense	
Current year	(23,170)
Total deferred tax	**(23,170)**
Total tax in the consolidated income statement	**(24,927)**

(b) Reconciliation of effective tax rate

	2023 £000
Loss before tax for the year	(121,054)
Tax using the UK corporation tax rate of 22%	(26,632)
Non-deductible expenses – acquisition related expenses	3,465
Non-deductible expenses – other	924
Income not taxable	(1,163)
Other tax adjustments	(2,056)
Effect of overseas tax rates	(1,580)
Land and building disposal	(6,885)
Transfer pricing adjustment	4,140
Corporate interest restriction	1,344
Capital allowances super deduction	(492)
Group relief	4,008
Total tax in the consolidated income statement	**(24,927)**

The main rate of corporation tax increase from 19% to 25% effective from 1 April 2023. The effective rate of corporation tax applicable for the year ended 30 September is a blended rate of 22%.

Deferred tax assets and liabilities have been measured in line with IAS 12 using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply when the asset is realised or the liability is settled. The closing deferred tax asset at 30 September 2023 has been calculated at 25% reflecting the tax rate at which the deferred tax asset is expected to be utilised in future periods.

Land and building's disposals in the period comprise the tax rate difference between the capital gains tax rate paid at 22% and the reversal of the taxable temporary difference on the land and buildings disposed of, which was recognised on acquisition at 25% based on the expected manner of recovery of the assets at that time, offset by certain non tax-deductible transaction costs.

10. Property, plant and equipment

	Land and buildings £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost				
Acquisitions through business combinations (Note 4)	799,111	50,129	21	849,261
Additions	6,216	18,305	-	24,521
Disposals	(181,526)	(8,921)	-	(190,447)
At 30 September 2023	**623,801**	**59,513**	**21**	**683,335**
Depreciation and impairment				
Depreciation charge for the period	**2,167**	**13,856**	**21**	**16,044**
Impairments for the period	7,754	-	-	7,754
At 30 September 2023	**9,921**	**13,856**	**21**	**23,798**
Net book value				
At 30 September 2023	**613,880**	**45,657**	**-**	**659,537**

Included in the result for the period is a loss of £0.7m on the disposal of freehold property, plant and equipment, and motor vehicles.

Land and building held as security for borrowings amounted to £519m at 30 September 2023.

There were assets under construction to the value of £8.6m at the period end.

Impairment for the period are included within administrative expenses.

11. Leases

Right-of-use assets

	Land and buildings £000	Motor vehicles £000	Equipment £000	Total right-of-use assets £000
Gross carrying amount				
Acquisitions through business combinations (Note 4)	60,016	5,434	176	65,626
Additions	181,442	7,069	678	189,189
Disposals	-	(2,060)	-	(2,060)
Balance at 30 September 2023	**241,458**	**10,443**	**854**	**252,755**
Depreciation and impairment				
Depreciation	8,998	2,638	333	11,969
Disposal	-	(1,671)	-	(1,671)
Balance at 30 September 2023	**8,998**	**967**	**333**	**10,298**
Net book value				
Carrying amount 30 September 2023	**232,460**	**9,476**	**521**	**242,457**

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:

	2023 £000
Current	**4,688**
Non-current	**241,530**
	246,218

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 2023 were as follows:

	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	After 5 years	Total
30 September 2023							
Lease payments	23,590	23,944	24,383	22,894	21,157	778,149	894,117
Finance charges	(18,902)	(18,709)	(18,483)	(18,015)	(17,556)	(556,234)	(647,899)
Net present values	4,688	5,235	5,900	4,879	3,601	221,915	246,218

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 period ended 30 September 2023 was £17,279,000.

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

	2023 £000
Short-term leases	**2,391**

At 30 September 2023 the Group was committed to short-term leases and the total commitment at that date was £705,312.

Total cash outflow for leases for the period ended 30 September 2023 was £22,439,000.

Sale and leaseback

The group has entered into sale and leaseback transactions during the period. The proceeds generated have been used to pay, in part, the new credit facilities with Ares Management Limited. The key terms are noted in the below table:

Start date	12 December 2022	16 February 2023	6 September 2023
Term	30 years	30 years	30 years
Incremental borrowing rate	7.5%	7.5%	7.5%

Costs of £3.7m have been incurred in relation to the sale and leaseback and included in administrative expenses.

12. Intangible assets

	Goodwill £000	Software and licences £000	Customer relationships £000	Technology £000	Brands £000	Total £000
Cost						
Acquisitions through business combinations (Note 4)	279,420	6,187	181,763	9,200	63,797	540,367
Exchange adjustments	(4,543)	-	-	(16)	(1,016)	(5,575)
Additions for the period	-	4,109	-	-	-	4,109
At 30 September 2023	**274,877**	**10,296**	**181,763**	**9,184**	**62,781**	**538,901**
Amortisation and impairment						
Amortisation charge for the period	-	3,579	7,545	1,839	3,452	16,415
At 30 September 2023	**-**	**3,579**	**7,545**	**1,839**	**3,452**	**16,415**
Net book value						
At 30 September 2023	**274,877**	**6,717**	**174,218**	**7,345**	**59,329**	**522,486**

Development costs amounting to £411,000 during the period have been capitalised to software with associated amortisation costs of £177,000. Research costs expensed in line with the accounting policy amounted to £43,000.
Intangible assets under development included within software and licences amount to £1,618,000.

Amortisation

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

	2023 £000
Administrative expenses	16,415

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 (or group of CGUs): Adults Services, Children's Services, Foster Care, Middle East (group of CGUs) and Digital Technology (group of CGUs). 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 (or group of CGUs):

	2023 £000
Adults Services	10,975
Children's Services	183,049

Foster Care	6,605
Middle East (group of CGUs)	32,810
Digital Technology (group of CGUs)	41,438
	274,877

During the period 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 2024) which are based on assumptions of the business, industry and economic growth. The approved budgets for the year ended 30 September 2024 are extrapolated using the 2 to 5 year growth rate, as approved by management, 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. The key features of these calculations are shown below:

	2023
Period over which management approved forecasts are based – All	**1 to 5 years**
Adults Services, Children's Services, Foster Care and Digital Technology	
Two-to-five-year growth rate	4.0%
Long-term growth rate	2.0%
Middle East	
Two-to-five-year growth rate	2.5%
Long-term growth rate	2.0%
Pre-tax discount rate	
Adult Services	9.8%
Children's Services	10.1%
Foster Care	11.2%
Middle East	14.6%
Digital Technology	15.5%

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%.

An impairment arises if the budgeted cash flows in Children's Services reduced by 5% and if the pre-tax discount rate increases by 50 basis point. None of the other sensitivities would result in an impairment in the existing CGUs, including Children's Services. As a result Children's Services is considered sensitive.

For Children's Services the current headroom is £51.4m. 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 £10.4m.
- An increase in pre-tax discount rate of 50 basis points results in an impairment of £2.2m.
- A reduction in budgeted cash flows of 5% results in an impairment of £7.4m.

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 Children's Services CGU's recoverable amount to be equal to its carrying amount as follows:

- A decrease in long-term growth rate by 0.6%.
- An increase in pre-tax discount rate of 48 basis points.
- A reduction in budgeted cash flows of 4.4%.

The Directors believe that, notwithstanding the sensitivity of Children's Services, there is no requirement for an impairment provision on the carrying value of the CGUs.

13. Inventories

	2023 £000
Consumables	1,960
Raw materials	6,652
	8,612

In 2023, a total of £17,094,000 of inventories was included in profit or loss as an expense.

14. Trade and other receivables

	2023 £000
Trade receivables (Note 25)	35,108
Other debtors and prepayments	5,137
Accrued income (Note 16)	15,871
	56,116

15. Cash and cash equivalents

	2023 £000
Cash at bank and in hand	57,792

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

16. Accrued income and deferred income

	Accrued income £000	Deferred income £000
Acquired through business combinations	8,554	(39,975)
Accrued revenue invoiced	(8,554)	-
Revenue recognised in the reporting period	-	39,975
Revenue billed in period but relates to future periods	-	(10,195)
New accrued revenue	15,871	-
At 30 September 2023	**15,871**	**(10,195)**

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 25.

	2023 £000
Non-current liabilities	
Secured bank loans	545,542
Secured long-term loans	109,468
	655,010

	2023 £000
Current liabilities	
Secured bank loans	28,398

Terms and debt repayment schedule

	Currency	Nominal interest rate (%)	Year of maturity	**Outstanding balance 2023 £000**
Term loan	£	9.33[1]	2027	96,834
Term loan	£	13.08[2]	2028	324,721
Bridge loan	£	13.08[2]	2028	83,801
Revolving credit facility term loan	£	9.33[1]	2027	30,579
Acquisition facility	£	9.33[1]	2028	25,044
REHAVISTA GmbH loan	€	3.00	2030	470
Secured long-term loan [3]	£	4.94	2123	12,756
Secured long-term loan [3]	£	4.83	2083	96,712
Secured bank loan	£	7.50	2052-2053	12,491
				683,408

[1] The interest rate on the facilities is SONIA plus a margin. This is stated at the current margin and can change between 3.25% and 3.75% based on the ratio of the Group's net debt to adjusted EBITDA.

[2] The margin on the facilities is stated at the current rate and can change between 6.50% and 7.75% based on the ratio of the Group's net debt to adjusted EBITDA.

[3] Secured long-term loans arise as a result of a sale and leaseback by the Group that does not meet the requirements of IFRS 15 as the Group has an option to repurchase the assets transferred. The proceeds have been recognised as a financial liability subsequently measured at amortised costs.

18. Trade and other payables

	2023 £000
Trade payables	15,931
Amounts owed to fellow group undertakings	442,927
Accrued expenses	8,382
Salaries and wages	16,031
Taxation and social security	6,871
Other creditors	33,416
	523,558

These balances owed to fellow group undertakings accrue intercompany interest at a rate based on the underlying bank loans, note 17, and are repayable on demand.

19. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

	2023 £000
Deferred tax liabilities	(144,881)

Movement in deferred tax during the period:

	Acquired in business combinations £000	Recognised in income £000	30 September 2023 £000
Property, plant and equipment	100,724	(33,092)	67,632
Intangible assets	60,549	(2,650)	57,899
Rolled-over gains on property	8,065	13,606	21,671
Trading losses carried forward	(665)	(251)	(916)
Short-term timing differences	(622)	(783)	(1,405)
	168,051	**(23,170)**	**144,881**

20. Provisions

	2023 £000
	Dilapidations*
Acquired through business combinations	5,108
Provisions raised during the period	4,861
Amounts used during the period	(419)
At 30 September 2023	9,550

* 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.

21. Derivative financial instruments

	2023 £000
Put option	9,173
Interest rate swaps	(2,316)

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. Equity

Share capital	2023 £
Allotted, called up and fully paid:	
1 ordinary shares of £1 each	1

All authorised share capital has been issued. 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.

Movements in the number of issued shares were as follows:

	Ordinary shares of £1 each
Issued shares	1
At 30 September 2023	1

23. Reserves

(a) 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.

(b) 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
Exchange differences on translation of foreign entities	(6,799)	-	(6,799)
Movement in equity due to changes in shareholdings	-	(779)	(779)
At 30 September 2023	**(6,799)**	**(779)**	**(7,578)**

24. Dividends

No dividends were declared in the period.

The aggregate amount of dividends proposed and not recognised as liabilities as at the period end is nil per share.

Dividends not included above but paid to the non-controlling interest in Group subsidiary entities amounted to £3,954,000.

25. 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 period there was a debit to the consolidated income statement or £257,000 to increase 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:

	2023 **£000**
Not due	13,073
Not more than three months past due	19,045
More than three months but not more than six months past due	2,990
Trade receivables (Note 14)	35,108

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

	£000
Acquired through acquisitions	1,193
Charged to the consolidated income statement	257
At 30 September 2023	**1,450**

Included in the provision for impairment of trade receivables is an expected credit loss of £1,450,000.

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.

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. The Group has an interest rate swap in place of £150m, commencing 4 November 2022, terminating on 7 October 2025 fixed at 4.365%. The Group has taken a balance view and hedged approximate 50% of facility A and has not hedged other loans. The exposure is monitored on a regular basis. The Group does not apply hedge accounting.

At 30 September 2023, 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 £3,961,000. Economic hedging instruments have been included in this calculation. The Group does not apply hedge accounting.

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.

	2023					
	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		(517,243)	(517,243)	(517,243)	-	-
Secured bank loans	9.33%	(152,457)	(155,260)	(5,260)	(150,000)	-
Secured bank loans	13.08%	(408,522)	(418,701)	(22,932)	(395,769)	-
Secured bank loans REHAVISTA Gmbh	3.00%	(470)	(470)	(70)	(278)	(122)
Secured bank loans	7.50%	(12,491)	(30,610)	(111)	(4,009)	(26,490)
Secured long-term loans	4.94%	(109,468)	(447,830)	(4,728)	(12,022)	(431,080)
Lease liabilities		(246,218)	(428,209)	(6,516)	(32,449)	(389,244)
Deferred consideration		(5,061)	(5,700)	(4,062)	(1,638)	
Put option		(9,173)	(9,173)	-	(9,173)	-
Interest rate swaps		2,316	2,316	-	2,316	-
		(1,458,787)	**(2,010,880)**	**(560,922)**	**(603,022)**	**(846,936)**

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	Lease liabilities £000	Secured long-term loans £000	Derivative financial instruments £000	Borrowings from group undertakings £000	Total £000
Acquired through business acquisitions	322,703	65,625	-	-	-	388,328
Cash flows	(36,427)	(21,225)	106,583	-	279,359	328,290
Bank loans repaid	(591,634)	-	-	-	-	(591,634)
Bank loans drawn down	799,053	-	-	-	-	799,053
New leases	12,491	184,539	-	-	-	197,030
New borrowings from group undertakings	-	-	-	-	120,609	120,609
Effect of foreign exchange	10	-	-	-	-	10
Fair value movement	-	-	-	(2,316)	-	(2,316)
Interest expense	67,744	17,279	2,885	-	42,959	130,867
30 September 2023	**573,940**	**246,218**	**109,468**	**(2,316)**	**442,927**	**1,370,237**

On 27 September 2022, the Caretech Group was acquired by Amalfi Bidco limited and delisted from the Alternative Investment Market ('AIM'). Following delisting, the Caretech 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:

	2023 £000
Net debt	780,495
Equity	90,829

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 2023, it is estimated a 10% movement in GBP/USD would result in a movement of GBP 401,000 GBP in profit before tax. A 10% movement in any other currency exposures would not result in a material movement in profit before tax.

Fair values

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

	Carrying amount 2023 £000	Fair value 2023 £000
Financial Instruments at amortised cost		
Cash at bank and in hand	57,792	57,792
Trade receivables (Note 14)	35,108	35,108
Accrued income (Note 14)	15,871	15,871
Trade payables (Note 18)	(15,931)	(15,931)
Amounts owed to fellow group undertakings (Note 18)	(442,927)	(442,927)
Accrued expenses (Note 18)	(11,462)	(11,462)
Secured bank loans (Note 17)	(573,940)	(546,239)
Secured long-term loans (Note 17)	(109,468)	(109,468)
Deferred consideration	(5,061)	(5,061)
Derivative financial instruments – put option	(9,173)	(9,173)
Held at fair value through profit and loss:		
Derivative financial instruments – interest rate swaps	2,316	2,316

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 and secured long-term 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 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 put option arises on account of the acquisition of Smartbox Group by CareTech Group in 2021. 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.

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 £1,012,000.

Fair value hierarchy

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

	2023 £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	2,316
Level 3 – inputs for the asset or liabilities that are not based on observable market data	-

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 put option is derived from an internal valuation of the Smartbox business, utilising both discounted forecast future cash flow and multiples-based methodologies.

26. Related parties

During the period, the Group paid rent totalling £1,232,141 in respect of properties in which Farouq Sheikh OBE and Haroon Sheikh have an interest. At the period end, rent of £61,794 was outstanding. The lease liability recognised at 30 September 2023 is £4,699,718.

During the period, the Group entered into a sale and leaseback arrangement with the Caretech Charitable Foundation. Proceeds of £3,596,398 were received for the sale of the property. The Group paid rent totalling £46,783 in respect of the property. At period end, there was no rent outstanding. The lease liability recognised at 30 September 2023 is £1,604,211.

During the period loan notes of £208,000,000 were issued to Three Hills Capital Partners. Interest of £27,940,581 was incurred during the period. At the period end £235,940,581 was outstanding.

Dividends paid to Directors in the period totalled £nil.

Transactions with key management personnel

	2023 £000
Salary	2,546
Benefits	1,265
Bonus	1,549
Total short-term remuneration	5,360
Long-term benefits	922
	6,282

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

Directors' emoluments are set out on page 41.

During the period, the Group made donations to the CareTech Charitable Foundation of £250k.

27. Group undertakings

The Group has the following investments in trading subsidiaries included in the consolidated results for the period. 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 2023%**
Amalfi Bidco Limited*	14186033	England and Wales	Non-trading	**100**
Caretech Holdings Limited*	04457287	England and Wales	Non-trading	**100**
Addington House Limited*	04404355	England and Wales	Operating	**100**
Advanced Childcare Services Limited*	07559570	England and Wales	Non-trading	**100**
Advances In Autism Care & Education Limited*	03252453	England and Wales	Non-trading	**100**
Applied Care and Development Ltd*	SC224352	Scotland	Operating	**100**
Ashcroft House Limited*	03390658	England and Wales	Operating	**100**
Ashring House Limited*	03370991	England and Wales	Operating	**100**
Ashview House Limited*	03304446	England and Wales	Operating	**100**
Barleycare Limited*	05156601	England and Wales	Operating	**100**

Company	Company number	Country of incorporation	Type	**Ownership 2023%**
Beacon Care Holdings Limited*+	03293998	England and Wales	Non-trading	**100**
Beacon Care Investments Limited*+	04351554	England and Wales	Non-trading	**100**
Beacon Care Limited*	03160894	England and Wales	Non-trading	**100**
Beech Care Limited*	04050685	England and Wales	Operating	**100**
Branas Isaf (Ashfield House) Limited*	05761962	England and Wales	Operating	**100**
Branas Isaf (Bythnod & Hendre Llwyd) Limited*	04826628	England and Wales	Operating	**100**
Branas Isaf (Dewis) Limited*	04828115	England and Wales	Operating	**100**
Branas Isaf (Education Centre) Limited*	04826662	England and Wales	Operating	**100**
Branas Isaf (Llyn Coed) Ltd*	04826774	England and Wales	Operating	**100**
Branas Isaf (personal development & approach training) Limited*	04826959	England and Wales	Non-trading	**100**
Branas Isaf (Therapeutic Provision Limited)*	05355404	England and Wales	Non-trading	**100**
Branas Isaf Holdings Ltd*	04827227	England and Wales	Non-trading	**100**
Branas Isaf Personal Development Centre Ltd*	03744583	England and Wales	Non-trading	**100**
Bright Care Limited*	04050733	England and Wales	Operating	**100**
By the Bridge Holdings Limited*	05712186	England and Wales	Non-trading	**100**
By the Bridge Limited*	04050928	England and Wales	Operating	**100**
By the Bridge Management Company Limited*	08587714	England and Wales	Non-trading	**100**
By the Bridge North West Limited*	05448746	England and Wales	Operating	**100**
Cambian Asperger Syndrome Services Limited*	04117476	England and Wales	Operating	**100**
Cambian Autism Services Limited*	03449214	England and Wales	Operating	**100**
Cambrian Care (Powys) Limited*	03813824	England and Wales	Non-trading	**100**
Cambian Childcare Limited*	04280519	England and Wales	Operating	**100**
Cambian Childcare Properties Limited*	05274924	England and Wales	Property	**100**
Cambian Education Services Limited*	05554772	England and Wales	Non-trading	**100**
Cambian FS Limited*	09501886	England and Wales	Non-trading	**100**
Cambian Group Holdings Limited*	08929407	England and Wales	Non-trading	**100**
Cambian Group Limited*+	08929371	England and Wales	Non-trading	**100**
Cambian Heritage I Limited*	05150238	England and Wales	Non-trading	**100**
Cambian Heritage II Limited*	03898254	England and Wales	Property	**100**
Interact Care Limited*	04822716	England and Wales	Operating	**100**
Cambian Properties (UK) Limited*	05554819	England and Wales	Non-trading	**100**
Cambian Signpost Limited*	06253729	England and Wales	Operating	**100**
Cambian Whinfell School Limited*	04617562	England and Wales	Operating	**100**

Company	Company number	Country of incorporation	Type	**Ownership 2023%**
Cameron Care Limited*	SC283940	Scotland	Operating	**100**
Care Support Services Limited*	05356025	England and Wales	Operating	**100**
CareTech Community Services (No 2) Limited*	03894564	England and Wales	Operating	**100**
CareTech Community Services Limited*+	02804415	England and Wales	Operating	**100**
*CareTech Consulting Limited**	*07186925*	*England and Wales*	*Non-trading*	***100***
CareTech Estates (No 2) Limited*+	06518327	England and Wales	Property	**100**
CareTech Estates (No 3) Limited*+	06518491	England and Wales	Property	**100**
CareTech Estates (No 4) Limited*+	06543818	England and Wales	Property	**100**
CareTech Estates (No 5) Limited*+	07027116	England and Wales	Property	**100**
CareTech Estates (No 6) Limited*+	08420656	England and Wales	Property	**100**
CareTech Estates (No 7) Limited*+	08628141	England and Wales	Property	**100**
CareTech Estates Limited*+	05964868	England and Wales	Property	**100**
CareTech Foster Care Limited*	05185612	England and Wales	Non-trading	**100**
CareTech Fostering Holdings Limited*	07206363	England and Wales	Non-trading	**100**
CareTech Fostering Services*	07205262	England and Wales	Non-trading	**100**
CareTech Housing Services*	03438332	England and Wales	Non-trading	**100**
CareTech International (Previously Family Assessment Services Limited) Limited*	*06902547*	*England and Wales*	*Non-trading*	***100***
Clifford House Limited*	03320573	England and Wales	Non-trading	**100**
Colerne Community Care (Kent) Limited*	02755757	England and Wales	Non-trading	**100**
Community Support Project Limited*+	05941774	England and Wales	Non-trading	**100**
Complete Care & Enablement Services Limited*	05905163	England and Wales	Operating	**100**
Continuum Care and Education Group Limited*	05804360	England and Wales	Non-trading	**100**
Counticare Limited*	02585666	England and Wales	Non-trading	**100**
Coveberry Limited*	01208511	England and Wales	Operating	**100**
Daisybrook Limited*	03026221	England and Wales	Operating	**100**
Dawn Hodge Associates Limited*	04130146	England and Wales	Operating	**100**
Delam Care Limited*	02995783	England and Wales	Operating	**100**
Delham Care Limited*	02748991	England and Wales	Non-trading	**100**
Elite Children's Care Limited*	05251327	England and Wales	Non-trading	**100**
Emeraldpoint Limited*	03098166	England and Wales	Operating	**100**
EnableAll Limited	13540728	England and Wales	Operating	**100**
EQL Solutions Limited*+	08758477	England and Wales	Operating	**100**
Farrow House Limited*	03504115	England and Wales	Non-trading	**100**
Fostering Support Group Limited*	02359399	England and Wales	Operating	**100**

Company	Company number	Country of incorporation	Type	**Ownership 2023%**
Franklin Homes Limited*	03002865	England and Wales	Operating	**100**
Glenroyd House Limited*	04326288	England and Wales	Operating	**100**
Gloucestershire Autism Services Limited*	03091510	England and Wales	Non-trading	**100**
Green Corns Limited*	03918305	England and Wales	Non-trading	**100**
Greenfields Adolescent Development Limited*	04068839	England and Wales	Operating	**100**
Greenfields Care Group Limited*	04642100	England and Wales	Non-trading	**100**
Hereson House Limited*	04385252	England and Wales	Operating	**100**
Herts Care (Escort and Supervision Services) Limited*	03648069	England and Wales	Non-trading	**100**
Herts Care Group Limited*	04539660	England and Wales	Non-trading	**100**
Herts Care Limited*	03400914	England and Wales	Non-trading	**100**
Herts Care Property Limited*	04132387	England and Wales	Non-trading	**100**
Huntsmans Lodge Limited*	04668317	England and Wales	Operating	**100**
Independent Childcare Group of Schools Limited*	02525026	England and Wales	Non-trading	**100**
Inhoco 2993 Limited*	04934338	England and Wales	Non-trading	**100**
K O B Care Limited*	03039698	England and Wales	Non-trading	**100**
Kirkstall Lodge Limited*	04778674	England and Wales	Operating	**100**
Leigham Lodge Limited*	04583599	England and Wales	Operating	**100**
Lonsdale Midlands Limited*	02834141	England and Wales	Operating	**100**
Lyndhurst Psychiatric Residential Care Limited*	02958528	England and Wales	Non-trading	**100**
Magnolia Court Limited*	05444649	England and Wales	Operating	**100**
Mason Property Development Company Limited*	04308273	England and Wales	Property	**100**
Oakleaf Care (Hartwell) Limited*	05225317	England and Wales	Operating	**100**
One Six One Limited*	04136284	England and Wales	Operating	**100**
One Step (Support) Limited*	04534652	England and Wales	Operating	**100**
Onetrue Step Limited*	08339192	England and Wales	Non-trading	**100**
Outlook Fostering Services Limited*	04357704	England and Wales	Operating	**100**
Palm Care Limited*	04050739	England and Wales	Operating	**100**
Park Foster Care Ltd*	04861395	England and Wales	Operating	**100**
Park Foster Care Services Scotland Limited*	SC427502	Scotland	Operating	**100**
Phoenix Therapy and Care Limited*	SC254555	Scotland	Operating	**100**
Pinnacle Supported Living Limited*	02736242	England and Wales	Non-trading	**100**
Prestwood Residential Homes Ltd*	04129564	England and Wales	Operating	**100**
Primrose Court Limited*	04803769	England and Wales	Operating	**100**

Company	Company number	Country of incorporation	Type	**Ownership 2023%**
Professional Integrated Care Services *Limited**	04771613	England and Wales	Non-trading	**100**
Purple Zest Limited*+	11421082	England and Wales	Operating	**100**
Roborough House Limited*	05054294	England and Wales	Operating	**100**
ROC North West Ltd*	05564417	England and Wales	Operating	**100**
Rosedale Children's Services Limited*	04932054	England and Wales	Operating	**100**
SACCS Care Limited*	04495879	England and Wales	Non-trading	**100**
SACCS Limited*	04497910	England and Wales	Non-trading	**100**
Selborne Care Limited*	05513162	England and Wales	Operating	**100**
*Selwyn Care Limited**	03737832	*England and Wales*	*Operating*	***100***
Smartbox Holdings Limited	12813709	England and Wales	Non-trading	**83**
Smartbox Assistive Technology Limited	05541084	England and Wales	Operating	**100**
Smartbox Assistive Technology Inc. (US co)	6082148	Delaware, US	Operating	**100**
Smartbox Assistive Technology (EU) (Ireland co)	658998	Ireland	Operating	**100**
Sensory Software International Limited	03662043	England and Wales	Operating	**100**
REHAVISTA GmbH	HRB 28676 HB	Germany	Operating	**100**
LogBuk GmbH	*HRB 28989 HB*	*Germany*	*Operating*	***100***
Talk to Me Technologies LLC	339110	Iowa, US	Operating	**100**
South East Care Services Limited*	02296352	England and Wales	Non-trading	**100**
Spark of Genius Limited*	SC479758	Scotland	Non-trading	**100**
Spark Of Genius (North East) LLP	OC384807	England and Wales	Operating	**50**
Spark Of Genius (Training) Limited*	SC196146	Scotland	Operating	**100**
St Michael's Support & Care Limited*	05978585	England and Wales	Operating	**100**
Sunnyside Care Homes Ltd*	04589719	England and Wales	Operating	**100**
The Community Care Company UK Limited*	02816119	England and Wales	Non-trading	**100**
TLC (Wales) Independent Fostering Limited*	04824925	England and Wales	Operating	**100**
Trojan Spark Limited*	SC453152	Scotland	Non-trading	**100**
Uplands (Fareham) Limited*	03488896	England and Wales	Operating	**100**
Valeo Community Projects Limited*	03941224	England and Wales	Non-trading	**100**
Valeo Limited*+	04099715	England and Wales	Operating	**100**
Victoria Lodge Limited*	04454845	England and Wales	Operating	**100**
*Vosse Court Limited**	*04778676*	*England and Wales*	*Operating*	***100***
White Cliffs Lodge Limited*	04351559	England and Wales	Operating	**100**
Wyatt House Limited*	04319271	England and Wales	Non-trading	**100**
Cambian Developments II Limited	104724	Jersey[2]	Non-trading	**100**

Company	Company number	Country of incorporation	Type	Ownership 2023%
H2O Limited	FC97291	Gibraltar	Non-trading	**100**
Hazeldene UK Limited[1]	FC015967	Gibraltar	Operating	**100**
Cambian Properties II Limited	91131	Jersey[2]	Property	**100**
CareTech Cloud Limited*	12392889	England and Wales	Non-trading	**100**
CareTech Digital Limited*	13601641	England and Wales	Non-trading	**100**
CTH-Digital Lab Limited*	13921797	England and Wales	Operating	**100**
CareTech Design and Build Limited*	13729966	England and Wales	Non-trading	**100**
Candour Housing CIC*	13562034	England and Wales	Operating	**100**
CareTech Mena Social Care LLC	1010563230	Saudi Arabia	Non-trading	**100**
CareTech Holdings Limited	3381	United Arab Emirates	Non-trading	**100**
AS1 Investments Holding Ltd (ADGM)	3272	United Arab Emirates	Non-trading	**52**
AS2 Investments Holdings Ltd (ADGM)	5298	United Arab Emirates	Non-trading	**89.9**
AS Investments Holding Ltd (ADGM)	3087	United Arab Emirates	Non-trading	**52**
Macani Medical Centre	CN-1937451	United Arab Emirates	Operating	**99**
AS Northwood Investments Holdings LLC (ADGM)	CN-2696945	United Arab Emirates	Non-trading	**99**
ACPN Dubai	674030	United Arab Emirates	Operating	**85**
ACPN Abu Dhabi	CN-1142528	United Arab Emirates	Operating	**85**
ACPN Al Ain	CN-1142528-1	United Arab Emirates	Operating	**85**
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**
CareTech MENA Managing Office Ltd (DIFC co.)	3985	United Arab Emirates	Operating	**100**
CLD MENA Management Consultancy L.L.C	1135558	Dubai	Operating	**70**
EnableAll Incorporated	13540728	USA	Operating	**100**
Care Talent Advisors Limited*	12391623	England and Wales	Non-trading	**60**
Whitefields Road Properties Limited*	14881786	England and Wales	Non-trading	**100**
Jobzooma Limited	10127824	England and Wales	Operating	**29.4**
Recruiterlink Limited	11665920	England and Wales	Operating	**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 2023. As such, the Company has provided a guarantee against all debts and liabilities in these subsidiaries as at 30 September 2023.

Exemption from audit by Parent guarantee

The Company being the sole shareholder of its subsidiaries has decided to take the exemption from audit of a number of subsidiaries for the year ended 30 September 2023 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 2023 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, Carmarthenshire, 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

Company	Address
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
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
CareTech MENA Managing Office Ltd (DIFC co.)	P.O Box 52613, Unit No. 501, Level 5, Index Tower, Dubai International Financial Centre (DIFC), Dubai, UAE
CLD MENA Management Consultancy L.L.C	2804, API World Tower, Dubai United
EnableAll Incorporated	8 The Green, STE B, Dover, Kent, 19901
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
Talk to Me Technologies LLC	3508 Terrace Drive, Cedar Falls, IA, 50613, USA

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

The Group has aggregated the subsidiary financial information of the AS Group. On 31 May 2023 the further acquisition of TTMT (see note 4) has been included in the Smartbox 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
		2023	2023
AS Investments Holding Ltd (ADGM)	United Arab Emirates	48%	48%
AS Northwood Investments Holdings LLC (ADGM)	United Arab Emirates	1%	1%

ACPN Dubai	United Arab Emirates	43.8%	15%
ACPN Abu Dhabi	United Arab Emirates	43.8%	15%
ACPN Al Ain	United Arab Emirates	43.8%	15%
AS1 Investments Holding Ltd (ADGM)	United Arab Emirates	48%	48%
AS2 Investments Holding Ltd (ADGM)	United Arab Emirates	10.1%	10.1%
Macani Medical Centre	United Arab Emirates	46.1%	1%
AS3 Investments Holding Ltd (ADGM)	United Arab Emirates	49%	49%
DBG HoldCo	United Arab Emirates	49%	0%
Bayti Home Healthcare LLC (Abu Dhabi)	United Arab Emirates	49.5%	1%
Bayti Home Healthcare LLC (Abu Ajman)	United Arab Emirates	49.5%	1%
DMETCO Home Healthcare LLC (Abu Dhabi)	United Arab Emirates	49.5%	1%
DMETCO Home Healthcare LLC Branch 1	United Arab Emirates	49.5%	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%

** 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

	2023 £'000
Profit allocated to NCIs during the reporting period	3,220
Dividends paid	(2,543)
Changes in shareholdings	(394)
Acquisitions	11,889
Foreign currency translation reserve	(662)
Accumulated NCI at 30 September	11,510

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

	2023 £'000
Current assets	14,228
Non-current assets	4,828
Current liabilities	(4,610)
Non-current liabilities	(136)
Revenue	58,816
Profit and total comprehensive income	4,809

Net cash from operating activities	(1,902)
Net cash used in investing activities	(1,784)
Net cash used in financing activities	(3,699)
Net cash outflow	**(7,385)**

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
		2023	2023
Smartbox Holdings Limited	England and Wales	17%	17%

* 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

	2023 £'000
Profit allocated to NCIs during the reporting period	830
Changes in shareholdings	979
Acquisitions	3,329
Accumulated NCI at 30 September	5,138

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

	2023 £'000
Non-current assets	20,668
Current liabilities	(3,882)
Non-current liabilities	(6,933)

Company Statement of Financial Position
as at 30 September 2023

	Note	2023 £000
Non-current assets		
Investments	30	-
Trade and other receivables	31	455.132
		455,132
Current assets		
Cash and cash equivalents		-
Total assets		**455,133**
Current liabilities		
Trade and other payables	32	455,132
		455,132
Total liabilities		**455,132**
Net assets		-
Equity		
Share capital	33	-
Retained earnings		-
Total equity attributable to equity shareholders of the Parent		-

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement. The profit for the period included in the financial statements of the Company was £nil.

These financial statements were approved by the Board of Directors and authorised for issue on 02 February 2024 and were signed on its behalf by:

Farouq Sheikh

Farouq Sheikh OBE
Group Executive Chairman
Company number: 143752

Christopher Dickinson

Christopher Dickinson
Group Chief Financial Officer

Company Statement of Changes in Equity
as at 30 September 2023

	Share capital £000	Retained earnings £000	Total equity £000
Profit for the period and total comprehensive income	-	-	-
Issue of shares	-	-	-
At 30 September 2023	-	-	-

Notes to the Company Financial Statements

28. Accounting policies

(a) Basis of preparation

Amalfi Cleanco Limited ('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 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 period 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 period, 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) 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.

(h) 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.

29. Dividends

The aggregate amount of dividends proposed and not recognised as liabilities as at the period-end is nil per share, £nil.

30. Investments

	Shares in Group undertakings £000
Cost and net book value	
Acquisitions (see Note 4)	-
At 30 September 2023	-

31. Trade and other receivables

	2023 £000
Amounts owed by Group undertakings	455,132
	455,132

These balances owed by Group undertakings accrue intercompany interest at a rate based on the underlying bank loans, note 17, 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 consequentially an immaterial credit loss was assessed and no provision has been made.

32. Trade and other payables

	2023 £000
Amounts due to Group undertakings	455,132
	455,132

These balances owed to fellow group undertakings accrue intercompany interest at a rate based on the underlying bank loans, note 17, and are repayable on demand.

33. Called-up share capital

	2023 £
Allotted, called up and fully paid:	
1 ordinary share of £1 each	1
	1

Details in respect of the reserves are given in note 23 to the Group financial statements.

34. Staff numbers and costs

The Company has no employees other than the Directors. Directors' emoluments are given in note 7.

35. 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 period was £nil.

36. 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 26 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.

37. Controlling party

The immediate parent company is Amalfi Midco Limited and the ultimate controlling party is Amalfi Topco Limited, a Company incorporated in Jersey whose registered address is 47 Esplanade, St. Helier, JE1 0BD.