

LIFEWAYS COMMUNITY CARE LIMITED

UNAUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

These unaudited financial statements are submitted for filing accompanied by the audited financial statements of its parent company Lifeways Finance Limited (06295365) in accordance with the audit exemption requirements of Section 479A of the Companies Act 2006.



LIFEWAYS COMMUNITY CARE LIMITED

COMPANY INFORMATION

Directors	J Tydeman C Moher
Registered number	04126127
Registered office	56 Southwark Bridge Road London SE1 0AS United Kingdom
Bankers	HSBC Bank PLC 26 Broad Street Reading Berkshire RG1 2BU United Kingdom
Solicitors	Shoosmiths LLP Witan Gate House 500-600 Witan Gate West Milton Keynes MK9 1SH United Kingdom

LIFEWAYS COMMUNITY CARE LIMITED

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LIFEWAYS COMMUNITY CARE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2021

Introduction

The directors present their strategic report for the year ended 31 August 2021 for Lifeways Community Care Limited ("the Company"). The corresponding prior period was for the year ended 31 August 2020.

Principal activity

The Company's principal activity during the year continued to be the provision of support to individuals with learning disabilities, mental health conditions and other complex needs in the UK. The support provided ranges from residential support in specially adapted homes to community based support, where support is provided in a person's own home.

The Company is a subsidiary in the Listrac Holdings Limited group of companies ("the Group").

Business review

The Company's principal activity during the year continued to be the provision of support to individuals with diverse and often complex needs. We take pride in being one of the UK's most forward thinking and innovative providers of support to individuals nationally with an outcome focused approach. Whether it is just a few hours each week or 24/7 care and support, we adapt to each person's needs and aspirations as they change, enabling every person we support to live their life to their full potential. During the unprecedented times created by the COVID-19 pandemic, the year under review has demonstrated the strength and resilience of the Group's business model. This, and the robust response to the pandemic, has facilitated further progress towards our aim of strengthening our position as the market leader.

Key performance indicators

The key financial and other performance indicators during the year were as follows:

	2021	2020
	£	£
Revenue	117,429,460	112,304,702
Gross profit	36,363,602	30,375,414
Gross profit percentage	31.0%	27.0%
Adjusted EBITDA*	12,742,687	4,056,556
Average occupancy	2,031	2,123
Average number of care staff	4,190	4,210

*Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and before unusual or non-recurring items (See note 11 for definition). The directors consider this to be most useful indicator of current and past financial performance of the business.

LIFEWAYS COMMUNITY CARE LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Performance in the year

During the year ended 31 August 2021, the COVID-19 pandemic created many challenges for the Company. However, due to the dedication and resilience of our employees to continue delivering high quality care to the people we support, and the actions taken by management, the impact of the pandemic on the Company were minimised with trading improving.

Adjusted EBITDA was £12.7m (2020: £4.1m), an increase of 214.1% on prior year, reflecting the improvements achieved through the Lifeways 2020 and Way Ahead programs, including withdrawal from loss-making activities and filling of void-bearing capacity. Despite a reduction in average occupancy, revenue rose by 4.6% to £117.4m compared with £112.3m in 2020. The growth was largely driven by annual inflationary fee increases, offset by mandatory increases in staff costs due to the increase in National Living Wage and National Minimum Wage rates and additional costs incurred because of the COVID-19 pandemic to keep the people we support and colleagues safe. Government grant income in the year supported payments to isolating and vulnerable employees in line with government guidance, as well as the additional costs incurred; however, overall, the impact of COVID-19 was negative for the business, restricting occupancy growth in the year and restricting further strategic growth opportunities.

During the year, the Group implemented Way Ahead, a three-year program which builds on the transformational changes delivered by Lifeways 2020. As a result, certain unusual or non-recurring costs were incurred during the year, as outlined in note 11 to the financial statements.

COVID-19 impact on performance

The key effects of COVID-19 on the Company's performance during the year were as follows:

Occupancy

During the year, underlying occupancy rates excluding closures declined, both as a result of increased death rates related to COVID-19 and restrictions on new admissions due to the pandemic slowing down pipeline and tender activity. This was particularly challenging as the Group entered the pandemic with a higher level of voids associated with our growth strategy. Nevertheless, referrals have improved as lockdown has eased and appropriate measures to help with the transition of joiners were introduced by the UK government.

Rates

Despite the National Living Wage ("NLW") increase and the challenges in obtaining agreement from all funders on fee increases, a better outcome was achieved in aggregate than in the previous year. Central government has played a positive role by asking Local Authorities to approve rate increases and by providing them with significant additional funding to do so. We are grateful to those Local Authorities who have so far complied with central government's request although we are disappointed that this has not been a universal response. We continue to work with those Local Authorities who have yet to respond positively.

Government grants and support

During the financial year, the Company received £3.6m (2020: £1.8m) of additional income through various government COVID-related schemes and grants to partially offset increased costs as a result of the pandemic. These comprise £0.7m for furlough (2020: £1.0m) and £2.9m for grants given to social care (2020: £0.8m).

LIFEWAYS COMMUNITY CARE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

COVID-19 impact on performance (continued)

Staff cost

During the year, staff retention levels improved supporting lower agency costs. This was driven by a combination of changes in the wider employment market due to the pandemic and the successful implementation of Lifeways 2020 initiatives, resulting in a net positive contribution to financial performance. Towards the end of the year there was an increase in staff turnover ahead of the ending of the furlough scheme. As has been widely reported in respect of the whole social care sector, this temporarily intensified competition for labour.

Throughout the pandemic, the priority of the Group has been to protect the people we support and colleagues. This has been achieved through comprehensive infection control and safety measures, including investment in safety equipment, colleague training and support. Although the Group made use of the government's Job Retention Scheme (JRS), more commonly known as furlough, in relation to employees who were unable to work due to shielding requirements, sick-pay costs were significantly higher, with almost 3,600 members of staff (2020: 2,000) either self-isolating or having self-isolated due to COVID at some point during the year. Whilst the government has made infection control funds available to 'top up' sick pay for certain affected employees, abnormally high contractual and statutory sick pay obligations have impacted financial performance.

Colleagues

During the pandemic, the Group has worked with funding commissioners to support colleagues who have needed to self-isolate by topping up Statutory Sick Pay to average gross pay for those who have tested positive for COVID-19 or displayed symptoms and were awaiting a test. Our colleagues have worked tirelessly throughout the pandemic, to provide outstanding care to people in our care. We thank each and every one of them for their hard work, dedication and professionalism throughout what has been the single worst health crisis in over a century.

LIFEWAYS COMMUNITY CARE LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Service excellence

The people we support, and the quality of support we provide to them, are and will remain the most important aspects of our business. To achieve our high levels of quality, we comprehensively measure and audit the quality of our service delivery across the organisation. A dedicated Quality department regularly updates Group policies in line with changing regulations and standards and manages the internal quality audit process.

During the year, we have maintained our ISO9001 certification and ISO27001 certification within the central support office. The ISO is awarded to those organisations that are able to show they have high quality assurance systems, policies and procedures in place to ensure a high quality of service delivery. We are also CHAS ("Contractors, Health and Safety Scheme") accredited as well as being members of the British Safety Council and the NASHICs ("National Association of Safety and Health in Care Homes").

Employees

The directors would like to acknowledge the hard work, commitment and dedication of all people within the Group especially during another challenging year. Like all companies which provide support in this sector, the key to the Group's success is the quality of the people we employ. The Group needs to attract and recruit sufficient employees to meet our objectives. Additionally, losing skilled employees inhibits the strength of delivering consistently high-quality support.

Recruitment from first point of contact to employment, including Disclosure and Barring Service checks, is managed by the Group's in-house recruitment team. Employee turnover is closely monitored through KPIs and exit interviews are performed to identify underlying trends impacting retention.

The Group recognises the recruitment, training and retention of skilled employees is critical to its success. As a result, we have continued to spend on training, £1.5m in the year ended 31 August 2021 (2020: £1.7m), to ensure that our employees are fully up to date in the best ways of providing care for those we support.

In addition, the Group has an in-house learning and development team which is dedicated to delivering courses on all relevant subjects, enabling the Group's employees to gain the necessary skill sets, knowledge and confidence to achieve Lifeways' high standard of quality for the people we support.

The Group's human resources department works closely with the Group's employees to foster consultation in all matters, ensure fair pay for all and facilitate flexible working where feasible. The Group's policies ensure any discrimination will not be tolerated, either directly or indirectly, in recruitment or employment. We demonstrate the Group's commitment by promoting equal opportunities for current and potential employees, promoting an environment free from discrimination, bullying, harassment and challenging behaviour and providing support and encouragement to the employees to develop their careers and increase their contribution to the Group.

Human rights issues

The Group ensures that its business activities are conducted with the objective of protecting the human rights of our employees and the people we support. Staff are strongly encouraged to report abuse, either to their Regional Quality Manager or via publicised whistleblowing channels. The qualities of respect and dignity constitute the foundation of the services we provide and the importance of human rights to our business can never be overstated. Each day we endeavour to exceed the expectations of care required by laws and regulations governing the Group's operations throughout the United Kingdom.

LIFEWAYS COMMUNITY CARE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Liquidity and cash flow risk

Entities within the Group are subsidiaries of Listrac Holdings Limited, with cash and financial arrangements managed on a Listrac Holdings Limited group-wide basis. External debt is held by intermediate holding companies: Listrac Bidco Limited and Listrac Intermediate Holdings Limited, and the Company and a number of other subsidiaries of Lifeways Finance Limited are obligors under the debt facilities agreement.

The Group maintains cash to fund the day-to-day requirements of the business, including intra-month peaks and troughs related to the timing of fee receipts compared to salary costs and supplier payments.

The Company's most material financial instruments are its receivables and payables to and from other group companies and its principal third party financial asset is its trade debtors. Exposure to risk from group transactions is managed centrally by the parent company only transacting with wholly owned companies within the same group. The credit risk associated with third parties is limited as a high proportion of customers are public sector bodies such as Local Authorities and Clinical Commissioning Groups. In order to manage credit risk, the credit control team regularly reviews the aged debt listing to identify potential risk and take appropriate action to mitigate them.

The Group's third-party debt facilities are expiring in August 2022 and November 2022, with the shareholder loans due for repayment in November 2022. The directors have a reasonable expectation that a satisfactory outcome will be reached either in refinancing the group or through securing alternative sources of finance, such that the operating business continues to remain solvent. Please refer to going concern disclosure in note 1.4.

Principal risks and uncertainties

COVID-19: protecting colleagues and service users from infection

During the COVID-19 pandemic, the Group has worked tirelessly to ensure the safety and well-being of all employees and those supported across the business. To this end, the Group has followed the guidelines and protocols as set out by the government, whilst working closely with colleagues across the Health and Social Care Sector. In this context, it should be noted that the majority of the support we provide takes place in locations with no more than six people and many are supported for at home with no other service users, thereby resulting in a lower risk environment. The age profile of the People We Support is also much lower than in senior care settings which further reduces risk.

The focus of the Group's response strategy to COVID-19 can be categorised into three main actions: prevention, control and strengthening.

Prevention involves taking proactive action to mitigate, as far as is reasonably practicable, a source of transmission entering services, homes and offices. Prevention of infection has always been important as part of normal working practice, allowing the business-as-usual standards to afford a measured response to the pandemic with a lower risk transition period than most other businesses.

Control is the supporting of colleagues in the business to safeguard the people to whom care is provided and to protect from cross-infection where there are known and/or suspected cases. It is also taking a multi-disciplinary approach with localised responses to any incident, ensuring that collective decisions are being made to prioritising collective measures over individual ones, thereby reducing the risk to as many people as possible. To this end, the business has built on its pre-existing infection control training and process. The Group's procurement capabilities have ensured that adequate stocks of PPE have been available.

Strengthening relates to keeping all practices under constant review to ensure continuous improvements and possible scaling-up of response as the pandemic evolves.

The development of Group-wide response tools has enabled the management of infection and is crucial in providing evidence that the appropriate controls are in place. As the quality frameworks of our Regulators have been amended to focus primarily on care providers' responses to the pandemic, these tools have satisfied the requirements of key external stakeholders.

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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Principal risks and uncertainties (continued)

Other principal risks and uncertainties

Other than the COVID-19 pandemic, the following are the most significant risks faced by the business:

- **Health and safety** – The business currently employs over 9,000 staff providing services to 4,415 people who often have challenging and complex needs. These services take place predominantly in our service users' own homes which elevates the risk of accidents. The board regards the health and safety of the people we support and of our employees as its most important responsibility and has robust health and safety policies and practices in place to manage and minimise the risk of accidents – the number of accidents during the year decreased by 16% from prior year. The Group's health and safety policies and arrangements, outline best practice procedures, and are available to all employees. The contents of each policy are reinforced through mandatory training and development. A monthly health and safety report is submitted to the board and regular health and safety and employee training audits are conducted with the results reported to the board. Health and safety is regarded as the responsibility of every employee. During the year the number of reportable injuries and accidents in the workplace under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulation (RIDDOR) was 58, of which 46 were COVID related (2020: 11 excluding COVID).
- **Service quality** – The provision of a quality service to individuals and funders is key to the retention of customers. In order to promote quality, appropriate training and supervision is given to staff, reinforced by procedures manuals and internal quality audits. A report on quality assurance is submitted to the board every month. The 2020 satisfaction survey of People we Support and their family and carers showed a year on year improvement. Due to the pandemic no survey was undertaken during the year. The next survey is planned for 2022.
- **Failure to comply with regulation** – A regular dialogue is held with the Group's regulatory bodies, the Care Quality Commission, Care Inspectorate and the Commission for Social Services Inspectorate, Wales (CSSIW) to ensure our procedures comply with all regulations. If there are adverse findings from regulatory inspections, they are followed up promptly and improvements made when necessary.
- **Staff recruitment and retention** – High quality staff are required to service the existing client base and grow the Group's business. The Group operates a recruitment process that ensures it can attract staff and complete the necessary regulatory checks prior to employment; the business attracts more than 50,000 applications per year. The Group's training and development approach is designed to build the skill levels of existing and potential employees and the directors believe its pay rates are competitive in the market. During the year, the colleague engagement survey was held with a Colleague Engagement Index score ("CEI") of 72%. This was 7% higher than the survey conducted in 2017 and is higher than recent surveys conducted by the NHS and CQC.
- **Shift in governmental policies** - As the majority of the Group's sales are to the public sector, revenues could be vulnerable to a major policy shift away from supported living. However, the board does not consider this to be a major risk as the community care model continues to be recognised as the preferred model for all stakeholders, with strong cross-party support, and has proven its value and effectiveness.
- **National Living Wage** – the government announced an increase in the National Living Wage for people aged 25 or over from April 2021. The cost impact of any changes to wage rates is material to the Group. To mitigate this increase, we continue to engage positively with the commissioners of our services to ensure they are fully funded. Given the nature of negotiation with many different Local Authorities and other bodies there is a risk around the levels of these rate increases.
- **Litigation** – The business could be subject to litigation (and prosecution) as a consequence of incidents that can occur as it supports people with challenging and complex behaviours. In addition to robust policies and procedures the business carries insurance cover to mitigate the cost of such claims.

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STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Stakeholder engagement and section 172(1) statement

Section 172 of the Companies Act 2006 requires that Directors act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole.

In doing so the Directors should have regards (amongst other matters) to the likely consequences of any decision in the long term; the interests of employees; the need to foster relationships with suppliers, customers and others; the impact of its operations on the community and the environment; the maintaining of a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

The Directors give careful consideration to the factors set out above in discharging their duties under section 172. The stakeholders we consider in this regard are the Group's employees, the People We Support and their families, Local Authorities that commission the care that we provide, our suppliers, the industry regulators, those that live in the societies that we provide support in and our investors including providers of debt finance. The Board recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate the business in a sustainable way.

Examples of how the Directors have oversight of stakeholder matters and had regard for these matters when making decisions are summarised below.

Having regard to the likely consequences of any decision in the long term

The Board remains mindful that its strategic decisions can have long term implications for the business and its stakeholders. Commissioning strategy, service models, regulatory requirements, the physical nature of the sites and the rate charged for the provision of care inform the directors as to the viability of services and the future operation of such. The most relevant example of this relates to the Board's decisions on whether to continue or close services at certain sites. During the year, in approving the Group's budget, the Board balanced:

- the need for significant resource allocation to loss-making sites vs evidence of preferences for future commissioning being for a different model; with
- the need to remain resilient to risks, notably COVID-19, by maintaining a strong cash position through a service restructure programme.

Having regard to the interests of the Company's employees

The Board takes active steps to ensure that the suggestions, views and interests of the workforce are captured and considered in our decision-making.

Employee engagement

The Group has a number of effective workforce engagement mechanisms in place across the Group:

- Employees are kept informed of performance and strategy through regular presentations and updates from members of the Board and Executive Leadership Team;
- The executive team attend key business meetings throughout the year, including monthly regional directors meeting, information security, property, and business development;
- Employee engagement surveys are undertaken covering the vast majority of the workforce, and the results are reported to the Board. Following the most recent survey the Group has announced the creation of new Team Colleague Council for employees to join. The six-person council will help to further shape and enhance the Group's employee engagement strategy by giving insight on the things that *really* matter to our people; and
- Last year, the Group launched an online app-based communication tool that connects everyone in the organisation. The tool provides one virtual space for all colleagues to communicate in real time, providing a platform for sharing company and stakeholder developments as well as policies and best practice. The application is available to all employees.

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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Stakeholder engagement and section 172(1) statement (continued)

The Group HR Director attends certain meetings of the Board to brief on employee-related matters, including engagement activities, the results of employee opinion surveys, staff retention rates, diversity, numbers and nature of whistleblowing, disciplinary and grievance procedures and HR initiatives.

The Board considers that, taken together, these arrangements deliver an effective means of ensuring the Board stays alert to the views of the workforce.

With regard to health, safety and wellbeing, during the year the Executive Team received an update from the Group Health and Safety Manager on safety performance, safety risk management and mental health wellbeing initiatives.

Having regard to the need to foster the Company's business relationships with suppliers, customers and others

Suppliers

Our long-term supplier partnerships are important for the continued success of the business as a care provider. We rely on our suppliers to provide the real estate through which we deliver support to the People We Support and provide essential products and services we need to operate our business.

Throughout the year the Board was briefed on new and existing major contract negotiations and strategy with regard to key suppliers, notably providers of personal protective equipment and with certain landlords of the Group's premises. The Board seeks to balance the benefits of maintaining strong partnering relationships with key suppliers alongside the need to obtain value for money for our investors and the desired quality and service levels for the People We Support.

It is the Group's policy to pay its suppliers in accordance with the payment terms agreed at the outset of the relationship providing the supplier adheres to its obligations.

People We Support

The People We Support are and will remain the most important aspect of our business and the reason we exist. They have a choice of many providers, so it is essential to our future that we can consistently and continuously offer a high quality of support to new and existing users at an accessible price. The interest of the People We Support are considered in key decisions relating to service configuration and profile; location of new services; services offered; and closures.

The Board receives regular updates on our user listening activities including Q&A surveys, customer satisfaction data and analysis from internal and external sources.

Regulators

Our Care business is regulated by the Care Quality Commission in England and Care Inspectorates in Scotland and Wales in respect of the provision of domiciliary and residential support. We seek always to cooperate and engage constructively with the CQC and the various Inspectorates and meet their standards. The Directors provide regular updates to the regulators on the activities of the business through face-to-face meetings and reports.

Investors

We rely on our shareholders and providers of debt funding as essential sources of capital to further our business objectives. They rely on us to protect and manage their investments in a responsible and sustainable way that generates value. During 2021, we engaged with investors through regular calls and meetings, and investor representation on our Board.

LIFEWAYS COMMUNITY CARE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Stakeholder engagement and section 172(1) statement (continued)

The Chief Executive Officer and Chief Financial Officer are responsible for managing the relationship with our principal institutional investor and banking syndicate, and for the Group's cash/debt management and financing activities. The Chief Financial Officer provides regular reports to the Board on these activities including the Company's plans to ensure appropriate access to debt capital and the monitoring of the headroom and maturity schedules of our primary credit facilities.

During the year, the Board approved a series of amendments to the Group's senior debt facilities agreement. The Board carefully considers the Group's cash position and forecasts when making decisions on capital allocation.

Having regard to the impact of the Company's operations on the community and the environment

Community

The Group takes active steps that seek to integrate the People We Support into the community and as a result they have developed strong bonds with their surrounding communities. The Group has direct involvement in a number of community-based programmes such as fundraising and traditional annual events. Employees are recruited locally and services use local shops for certain provisions rather than national suppliers directly delivering to the Group's services. This is both good for the community and good for the environment. These activities have helped improve the understanding in the community of what we do whilst further improving the Group's service reputation and strengthening relationships with Local Authorities.

During the COVID-19 pandemic the Group has taken the appropriate social distancing precautions to protect the People We Support, our employees and members of the public. This includes the provision of personal protective equipment in accordance with national guidelines and undertaking risk assessments appropriate to specific care activities. Accordingly, day to day activities that help to integrate the People We Support into the community have been curtailed and steps to reintroduce these activities are analysed by the Group's Quality department against the appropriate guidelines before proceeding.

Respect for human rights is a fundamental part of how the Group operates as a responsible business. We seek to conduct ourselves in such a way that promotes and ensures fairness and equality, including addressing firmly any infringement we identify. These principles are reflected in all that we do and are essential to the practices of an ethical company. The Group is committed to supporting human rights through compliance with laws and regulations in all aspects and geographies of the Group's operations.

Having regard to the desirability of the Company maintaining a reputation for high standards of business conduct

High quality support

The continuing drive to maintain high quality standards will strengthen the Group's ability to retain existing business and grow by winning tenders, increase the number of People We Support within framework agreements, attract individual users with personal budgets and place the Group in a favourable position to take over underperforming services.

During the year under review, the Group's combined compliance score consisting of CQC and the various Care Inspectorates was 81.9% compared to 83.6% the previous year. The decrease is due to a major change in the inspection regime during the year which affected all providers within the sector. Firstly, inspection has primarily focused on the risk factors associated with COVID. Secondly, the CQC has postponed fully inspecting low risk non-compliant services until after the pandemic, resulting in a delay in improvements in services being recognised in their formal ratings. It is, therefore, our belief that the current rating score is not reflective of improvements made during the year.

These scores reflect and are underpinned by a number of key things:

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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Stakeholder engagement and section 172(1) statement (continued)

- the breadth of service capability, from domiciliary to various types of residential care, ensures that we can always offer a care pathway tailored to the specific needs of the individual, thereby helping to achieve better outcome for both the People We Support and the funders;
- individual care and support plans are reviewed and amended on a regular basis to address changing support needs and to ensure that an appropriate level of personalised care is provided for each user;
- The Group operates its own quality assurance function to ensure that quality standards are continually driven forward; and
- The Group's learning and development functions ensure staff are equipped with the necessary skill set, knowledge and confidence to achieve Lifeways high standards of care for the People We Support.

By developing expertise in specialist areas such as Autism and Specialist Behavioural Support Services, the Group continues to build a platform to cater for a broad range of conditions whilst offering individuals the highest quality of care.

The Board receive a monthly regulatory compliance and quality report updating such matters as compliance rates, incident rates, manager vacancies, safeguarding, complaints and compliant rates, and RIDDOR. Whilst the number of RIDDORs are higher than prior year, the Group made significant improvements during the year resulting in a decrease in general accidents and improved safeguarding statistics as noted on page 6.

Political donations

No donations were made for political purposes (2020: £nil)

Having regard to the need to act fairly as between members of the Company

The Group has one shareholder and so one member which means that satisfying this requirement is straightforward.

During the year, the Chief Executive Officer and Chief Financial Officer regularly held one-to-one meetings, calls and conferences with the majority shareholder.

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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Going concern

Liquidity and cash flows, including debt facilities, are managed across the Listrac Holdings Limited Group ("the Group") as a whole, with the company included as one of a number of subsidiaries being obligors under the Group's Senior Facilities Agreement. In undertaking their going concern assessment for the company, the Directors have reviewed the financial performance and cashflow forecast for the Group for a period of at least 12 months from the date of signing these financial statements, including liquidity and covenant headroom ("the Financial Forecast"). The Group's third-party debt facilities expire in August 2022 and November 2022, with the shareholder loans due for repayment in November 2022.

The Group is currently in full compliance with the financial covenants of its Senior Facilities Agreement and, based on the Financial Forecast, the Group's Directors expect that it will continue to be so over the going concern period. The Company's Directors have therefore concluded that they have a reasonable expectation that the company will also have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the annual financial statements.

However, under certain downside scenarios to the Financial Forecast, the Group would not remain in compliance with the financial covenants of its Senior Facilities Agreement at the covenant testing dates of 31 May 2022 and 31 August 2022. The Directors note that, even in these downside scenarios, there remains adequate liquidity headroom under existing facilities. This liquidity position, coupled with the current financial performance of the Group being in line with the base forecast, lead the Directors to believe that, in the event of a covenant breach, a satisfactory outcome would be reached in negotiations with the Group's lenders and shareholders such that the operating businesses, including the Company, continue to remain solvent.

There is a low level of headroom on covenants in the Financial Forecast in certain quarters and, in their assessment of the possible downside scenarios to the Financial Forecast, the Directors have considered a number of risk factors including rate increases, occupancy levels and additional costs/inefficiencies arising from COVID-19. In particular, the Directors consider that one of the most critical assumptions in the financial forecast is the annual rates uplift to be agreed with Local Authorities and their commissioners. The downside scenarios referred to above assume that a significant proportion of those commissioners who are currently not following central and local government direction to pay increased rates to providers of social care services continue to do so.

The Directors note that the Group has already made significant progress in securing adequate rate increases from many commissioners and expects to cover the cost of the National Living Wage increase applied in April 2021 in relation to services delivered for those Local Authorities. The Group has seen a solid trading performance over the COVID-19 period as set out above under "Performance in the year".

In relation to the scheduled tranches of debt expiry from August 2022 and beyond, the Directors have a reasonable expectation that a satisfactory outcome will be reached either in refinancing the Group, or through securing alternative sources of finance, such that the operating business, including the Company, continue to remain solvent.

The Directors have concluded that risks of forecast covenant breaches and failing to refinance the group represent material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and, in such circumstances, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

LIFEWAYS COMMUNITY CARE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Future developments

The Group's philosophy places the people in our care at the heart of what we do. We recognise that our reputation and success are based upon their happiness and wellbeing and that the quality of care we provide is paramount.

Over the coming years, we anticipate growing demand for high quality care services which meet the needs of those who require support, care managers and families as the population of people requiring support continues to grow.

This report was approved by the board on 27 May 2022 and signed on its behalf.



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C Moher
Director

LIFEWAYS COMMUNITY CARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2021

The directors present their report and the financial statements for the year ended 31 August 2021.

Dividends paid

There were no dividends paid in the under review (2020: £nil).

Directors

The directors who served during the year and to the date of signing the financial statements were:

J Tydeman
C Moher

Geographical location

The Company is registered within the UK. There are no trading branches domiciled outside the UK.

Qualifying third party indemnity provisions

During the year the Company had in force an indemnity provision in favour of one or more directors of Lifeways Community Care Limited against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006.

Political contributions

No political contributions were made during the year or prior year.

Matters covered in the strategic report

Liquidity and cash flow risk, principal risk, s172 statement, going concern, human rights issues are stated in the strategic report on pages 1 - 12.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings, and the Company's monthly 'Team Talk' update. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

LIFEWAYS COMMUNITY CARE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in interest rates.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance. Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

Disabled employees

Applications for employment by disabled persons are always fully encouraged, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Environmental matters

Although the Group's principal activity has minimal environmental impact and the majority of energy consumption noted below relates to providing heating and electricity for vulnerable individuals in a residential setting, the Board believes that good environmental practices support the broader strategy of enhancing the reputation of the Group as well as fostering the morale of staff and service user we support.

The Group is committed to minimising carbon and other greenhouse gases emitted from the operations of the business. The Group seeks to encourage energy and waste saving initiatives wherever possible whilst ensuring delivery of the highest quality of care in the communities that we serve.

We concluded a Streamlined Energy and Carbon Reporting (SECR) audit in May 2021, the outcomes of which are currently being considered by the business. The report identified that the previous target set in FY20, to reduce scope 1, 2 and 3 emissions by 5% has been achieved for FY21.

LIFEWAYS COMMUNITY CARE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Environmental matters (continued)

In accordance with streamlined energy and carbon reporting requirements, the table below shows the Group's energy usage during the year ended 31 August 2021:

	2021		2020	
	Tonnes of CO ₂ e	Mwh	Tonnes of CO ₂ e	Mwh
Combustion of fuel and operation of facilities (scope 1)	2916	15,890	2,265	12,110
Electricity, heat, steam and cooling purchased for own use (scope 2)	906	4,071	1,177	5,050
Business travel where the Group is responsible for purchasing fuel (scope 3)	77	312	417	1,676
Total	3,899	20,273	3,859	18,836
Intensity metric: tonnes of CO ₂ e per £m of sales	13.2		14.0	

The Group's energy consumption calculations are based on GHG Protocol Accounting and Reporting Standard (revised edition).

Carbon reduction initiatives

- The Group undertook an Energy Savings Opportunity Scheme (ESOS) assessment in February 2020 to identify opportunities for energy savings. Lifeways are committed to sustainability and becoming energy efficient whilst reducing carbon footprint by actioning the targets set out in the ESOS report.

This report was approved by the board on 27 May 2022 and signed on its behalf.



C Moher
Director

LIFEWAYS COMMUNITY CARE LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

LIFEWAYS COMMUNITY CARE LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Turnover	3	117,429,460	112,304,702
Cost of sales		(81,065,858)	(81,929,288)
Gross profit		36,363,602	30,375,414
Administrative expenses		(47,065,196)	(36,652,826)
Other income	3	3,569,896	1,867,819
Operating loss	4	(7,131,698)	(4,409,593)
Adjustment for the effect of:			
Unusual or non-recurring items	11	(10,994,304)	(5,778,260)
Depreciation of tangible assets	12	(1,554,841)	(1,427,332)
Impairment of tangible assets	12	(30,754)	-
Provision for intercompany debtors	13	(7,294,486)	(1,260,557)
Adjusted EBITDA		12,742,687	4,056,556
Loss on sale of tangible assets		(7,435)	(826,451)
Interest receivable and similar income	8	1,269	5,253
Interest payable and similar expenses	9	(7,151,272)	(6,993,867)
Loss before tax		(14,289,136)	(12,224,658)
Loss for the year from continuing operations		(14,289,136)	(12,224,658)
Attributable to:			
Owners of the Company		(14,289,136)	(12,224,658)

The notes on pages 21 to 40 form part of these financial statements.

LIFEWAYS COMMUNITY CARE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Loss for the year		(14,289,136)	(12,224,658)
Other comprehensive income			
Actuarial gain/(loss) on defined benefit pension scheme	19	228,000	(423,000)
Other comprehensive income/(loss) for the year		228,000	(423,000)
Total comprehensive loss for the year		<u>(14,061,136)</u>	<u>(12,647,658)</u>
Total comprehensive loss attributable to owners of the Company		<u>(14,061,136)</u>	<u>(12,647,658)</u>

The notes on pages 21 to 40 form part of these financial statements

LIFEWAYS COMMUNITY CARE LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2021**

	Note	2021 £	2020 £
Fixed Assets			
Tangible assets	12	4,983,850	5,465,960
		<u>4,983,850</u>	<u>5,465,960</u>
Current assets			
Debtors falling due within one year	13	14,915,223	14,738,832
Cash and cash equivalents	14	14,098,216	20,329,694
		<u>29,013,439</u>	<u>35,068,526</u>
Current liabilities			
Creditors falling due within one year	15	(166,253,813)	(164,887,470)
Net current liabilities		<u>(137,240,374)</u>	<u>(129,818,944)</u>
Total assets less current liabilities		<u>(132,256,524)</u>	<u>(124,352,984)</u>
Non-current liabilities			
Provisions	16	(10,233,393)	(3,749,797)
Net liabilities excluding pensions liability		<u>(142,489,917)</u>	<u>(128,102,781)</u>
Pension liability	19	(1,458,000)	(1,784,000)
Net liabilities		<u>(143,947,917)</u>	<u>(129,886,781)</u>
Capital and reserves			
Share capital	17	853,279	853,279
Share premium		1,254,056	1,254,056
Retained earnings		(146,055,252)	(131,994,116)
Equity attributable to the owners of the parent		<u>(143,947,917)</u>	<u>(129,886,781)</u>

The directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 May 2022.



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C Moher
Director

The notes on pages 21 to 40 form part of these financial statements.

LIFEWAYS COMMUNITY CARE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2021**

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 September 2020	853,279	1,254,056	(131,994,116)	(129,886,781)
Comprehensive loss for the year	-	-	(14,289,136)	(14,289,136)
Other comprehensive income				
Actuarial gain on pension scheme	-	-	228,000	228,000
Other comprehensive income for the year	-	-	228,000	228,000
Total comprehensive loss for the year	-	-	(14,061,136)	(14,061,136)
Balance at 31 August 2021	853,279	1,254,056	(146,055,252)	(143,947,917)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2020**

	Share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 September 2019	853,279	1,254,056	(119,346,458)	(117,239,123)
Comprehensive loss for the year	-	-	(12,224,658)	(12,224,658)
Other comprehensive loss				
Actuarial loss on pension scheme	-	-	(423,000)	(423,000)
Other comprehensive loss for the year	-	-	(423,000)	(423,000)
Total comprehensive loss for the year	-	-	(12,647,658)	(12,647,658)
Balance at 31 August 2020	853,279	1,254,056	(131,994,116)	(129,886,781)

The notes on pages 21 to 40 form part of these financial statements.

LIFEWAYS COMMUNITY CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

1.1 General information

Lifeways Community Care Limited ("the Company") provides a range of services for people with diverse and often complex needs. The Company is a private company, limited by shares and is incorporated in England and Wales. The address of the Company's registered office is 56 Southwark Bridge Road, London, SE1 0AS, United Kingdom and the Company's registered number is 04126127.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The company has applied the amendments to FRS 102 issued by the FRC in December 2017 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2019.

The functional currency of Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

1.3 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Lifeways Finance Limited as at 31 August 2021 and these financial statements may be obtained from the Company's registered office.

LIFEWAYS COMMUNITY CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.4 Going concern

Liquidity and cash flows, including debt facilities, are managed across the Listrac Holdings Limited Group ("the Group") as a whole, with the company included as one of a number of subsidiaries being obligors under the Group's Senior Facilities Agreement. In undertaking their going concern assessment for the company, the Directors have reviewed the financial performance and cashflow forecast for the Group for a period of at least 12 months from the date of signing these financial statements, including liquidity and covenant headroom ("the Financial Forecast"). The Group's third-party debt facilities expire in August 2022 and November 2022, with the shareholder loans due for repayment in November 2022.

The Group is currently in full compliance with the financial covenants of its Senior Facilities Agreement and, based on the Financial Forecast, the Group's Directors expect that it will continue to be so over the *going concern period*. *The Company's Directors have therefore concluded that they have a reasonable expectation that the company will also have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the annual financial statements.*

However, under certain downside scenarios to the Financial Forecast, the Group would not remain in compliance with the financial covenants of its Senior Facilities Agreement at the covenant testing dates of 31 May 2022 and 31 August 2022. The Directors note that, even in these downside scenarios, there remains adequate liquidity headroom under existing facilities. This liquidity position, coupled with the current financial performance of the Group being in line with the base forecast, lead the Directors to believe that, in the event of a covenant breach, a satisfactory outcome would be reached in negotiations with the Group's lenders and shareholders such that the operating businesses, including the Company, continue to remain solvent.

There is a low level of headroom on covenants in the Financial Forecast in certain quarters and, in their assessment of the possible downside scenarios to the Financial Forecast, the Directors have considered a number of risk factors including rate increases, occupancy levels and additional costs/inefficiencies arising from COVID-19. In particular, the Directors consider that one of the most critical assumptions in the financial forecast is the annual rates uplift to be agreed with Local Authorities and their commissioners. The downside scenarios referred to above assume that a significant proportion of those commissioners who are currently not following central and local government direction to pay increased rates to providers of social care services continue to do so.

The Directors note that the Group has already made significant progress in securing adequate rate increases from many commissioners and expects to cover the cost of the National Living Wage increase applied in April 2021 in relation to services delivered for those Local Authorities. The Group has seen a solid trading performance over the COVID-19 period as set out above under "Performance in the year".

In relation to the scheduled tranches of debt expiry from August 2022 and beyond, the Directors have a reasonable expectation that a satisfactory outcome will be reached either in refinancing the Group, or through securing alternative sources of finance, such that the operating business, including the Company, continue to remain solvent.

The Directors have concluded that risks of forecast covenant breaches and failing to refinance the group represent material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and, in such circumstances, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

LIFEWAYS COMMUNITY CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Long term leasehold property	- Straight line over the lease term
Motor vehicles	- 20% straight line
Fixtures and fittings	- 20% straight line
Computer equipment	- 33.3% straight line
Leasehold improvements	- Straight line over the lease term

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

LIFEWAYS COMMUNITY CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.7 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the Life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

LIFEWAYS COMMUNITY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

1. Accounting policies (continued)

1.7 Financial instruments (continued)

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

1.8 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the life of the lease.

1.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

LIFEWAYS COMMUNITY CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

1.11 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

LIFEWAYS COMMUNITY CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.12 Unusual or non-recurring items

Unusual or non-recurring items represents items of income and expenditure which individually, or in aggregate, are of exceptional size or incidence, and in the directors' judgement should be presented separately because they are relevant to an understanding of the Company's trading performance. Disclosure of these items is provided in note 11.

1.13 Adjusted EBITDA

Adjusted EBITDA represents operating profit before interest, tax, depreciation, amortisation, provision for intercompany debtor and unusual and non-recurring items. It is the directors' judgement that this best reflects the trading performance of the Company and accordingly it is presented as a separate item in the profit and loss account alongside the statutory performance measures.

1.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.15 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

1.16 Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in income in the period in which it becomes receivable. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

LIFEWAYS COMMUNITY CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

2. Critical accounting judgement and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Unusual or non-recurring items

As a non-UK GAAP measure, the Directors apply significant judgement in deciding the presentation of adjusting items by virtue of the nature of the income and expense and whether items are unusual or non-recurring, particularly in relation to salary costs. See note 11.

Key sources of estimation uncertainty

Recoverability of trade debtors and accrued income

The assessment of whether trade debtors and accrued income are recoverable requires management estimation. An allowance for bad debt provision is made where in the view of Directors, there is evidence of a reduction of the recoverability of future cash flows. There is a degree of uncertainty around the estimates made in calculating the current year bad debt provision which covers both councils and specific individual accounts where the directors have assessed there to be both a billing accuracy and collection risk.

Provision for onerous contract

The Company provides for onerous contracts to the extent that the estimated unavoidable costs of fulfilling the contractual obligation exceeds the estimated economic benefit expected from the contract. The provisions relate to onerous care home leases and Head Office building. There is a degree of uncertainty around the estimates applied in calculating the future cash flows and the period of the unavoidable costs for the care homes leases. The key inputs in the estimation centre around the lease terms and alternative uses of the properties. The provision is assessed annually on a property-by-property basis. The carrying amount of the provision as at 31 August 2021 was £9.5m (2020: £3.0m).

3. Turnover

Turnover represents amounts receivable for services provided in the year of account. All turnover was derived from activities located in the United Kingdom. No segmental data is provided on the basis that the revenue streams are not significantly differentiated.

Included within the accounts is other income related to government grants received. £721,283 for furlough (2020: £1,040,945) and £2,848,613 for grants given to social care (2020: £826,874).

LIFEWAYS COMMUNITY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

4. Operating loss

The operating loss is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of tangible assets (note 12)	1,554,841	1,427,332
Impairment of tangible assets (note 12)	30,754	-
Provision for intercompany debtors (note 13)	7,294,486	1,260,557
Unusual or non-recurring items (note 11)	10,994,304	5,778,260
Operating lease rentals	<u>4,418,874</u>	<u>4,105,945</u>

5. Auditor's remuneration

Fees payable to Deloitte LLP for the audit of the Company were borne by other companies within the Group and disclosed in the consolidated financial statements of the parent, Lifeways Finance Limited. Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

6 Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	90,008,656	88,869,620
Social security costs	7,824,019	6,936,936
Other pension costs	1,940,242	1,953,074
	<u>99,772,917</u>	<u>97,759,630</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Direct care staff	4,190	4,210
Administrative staff	528	527
	<u>4,718</u>	<u>4,737</u>

7. Directors' remuneration

Total remuneration payable by the enlarged group to the directors of the Company (including pension scheme contributions) was £739,333 (2020: £1,372,588). It is not possible to identify the proportion of this remuneration that relates to the Company.

LIFEWAYS COMMUNITY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

8. Interest receivable

	2021 £	2020 £
Other interest receivable	1,269	5,253
	<u>1,269</u>	<u>5,253</u>

9. Interest payable and similar expenses

	2021 £	2020 £
Interest payable to group undertakings	7,151,272	6,817,584
Other interest payable	-	176,283
	<u>7,151,272</u>	<u>6,993,867</u>

10. Taxation

Factors affecting tax charge for the year

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2021 £	2020 £
Loss on ordinary activities before tax	<u>(14,289,136)</u>	<u>(12,224,658)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(2,714,936)	(2,322,685)
Effects of:		
Expenses not deductible for tax purposes	3,049,340	2,120,797
Income not taxable	(11,835)	-
Group relief	(477,432)	28,192
Movements in unrecognised deferred tax	154,863	173,696
Total tax charge/(credit) for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The standard rate of corporation tax in the UK will remain unchanged at 19.00% until April 2023 when it will rise to 25.00% for year ends beginning 1 April 2023. Accordingly, this rate has been applied in determining the deferred tax assets and liabilities as at 31 August 2021.

LIFEWAYS COMMUNITY CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

11. Unusual or non-recurring items

Unusual or non-recurring items are transactions that are outside normal operations or are material to the results of the Group, either by virtue of size or nature. As such, the items set out below require separate disclosure on the face of the Consolidated Income Statement to assist with the understanding of the underlying performance of the Group.

	2021 £	2020 £
Restructure and transformation costs	1,322,827	2,283,194
Working capital project	-	(124,466)
Start-up costs	201,278	185,580
Property costs	243,002	5,174
Banking renegotiation	-	940,340
Change in accounting estimate	10,028	183,541
Onerous contracts	8,915,513	1,589,087
Other	301,656	715,810
	<u>10,994,304</u>	<u>5,778,260</u>

Restructure and transformation costs

These costs relate to a number of significant restructuring and transformation programs that were running across the Group during the year. During the year, the Group implemented a successor strategy to Lifeways 2020. This new strategy – WayAhead – builds on the predecessor strategy over the next three years. Costs incurred on these strategies primarily relate to internal staff, fixed term external consultants and business management consultants.

The Group continued to incur restructuring and transformations costs due to systems related and finance integration initiatives and redundancy costs arising from service closures.

Working capital project

Following challenges in billing and cash recovery in prior years, the Group increased its resources involved in working capital processes and engaged third party consultants (Deloitte LLP) to advise on cash recovery and process improvements. This project ceased early October 2019. The prior year credit is a release of an overprovision in 2019.

Start-up costs

Start-up costs refers to those costs incurred in the period before and immediately following the opening of a new supported living and residential service. As the service builds up volume these early costs can be significant and not necessarily reflective of underlying performance. Such costs primarily relate to internal staff costs, indemnity void rent liability relating to supported-living services, and leasehold rent relating to residential services. The start-up scheme costs are classified as unusual or non-recurring up to a period of six-months starting at the earlier of when (1) first service user moving in or (2) first indemnity void rent or leasehold rent is payable to the housing provider or landlord.

Property costs

Property costs include costs associated with the closure and movement of offices, associated expenses incurred in relation to non-operational care homes, the use of property consultant firm to support on lease/service reviews, legal and professional advice relating to the Group's leasehold portfolio.

LIFEWAYS COMMUNITY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

11. Unusual and non-recurring items (continue)

Banking renegotiation

Current and prior year costs relate to professional service fees linked to the Group's renegotiated debt facilities agreement.

Change in accounting estimates

Change in accounting estimate relates to bad debt provision for balances existing pre-September 2019 on the accounts receivable ledger that have become aged and deemed irrecoverable.

Onerous contracts

During the year, the Group conducted a review of its third-party commercial residential property lease portfolio. The review resulted in new/additional provisions for both onerous contracts and leases relating to certain residential care homes whereby, based on management's assessment, the costs of fulfilling the obligations on these care homes exceeds the economic benefit expected from operating the care homes. In addition, the Group also reviewed its commercial office space leases which resulted in a provision being recognised for the Head Office building following a decision in the year to close the office. Any other contracts that become onerous and loss making in the future will be provided for and treated in a similar way.

Other

Other includes advisor fees incurred during the year related to the ultimate parent's, Listrac Holdings Limited, debt facilities and in exploring alternative sources of finance.

LIFEWAYS COMMUNITY CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

12. Tangible fixed assets

	Leasehold property	Motor vehicles	Fixtures and fittings	Computer equipment	Leasehold improvements	Total
Cost	£	£	£	£	£	£
At 1 September 2020	3,517,261	389,910	4,418,733	3,962,039	1,060,574	13,348,517
Additions	1,518	-	692,256	421,574	-	1,115,348
Disposals	21,780	(20,400)	(304,712)	(2,467,686)	-	(2,771,017)
At 31 August 2021	3,540,559	369,510	4,806,277	1,915,928	1,060,574	11,692,848
Depreciation						
At 1 September 2020	1,609,187	250,219	2,247,764	3,285,582	489,805	7,882,557
Charge for the year	219,253	51,231	693,284	549,578	41,495	1,554,841
Impairment charge	-	945	24,182	5,598	29	30,754
Disposals	21,780	(13,266)	(299,982)	(2,467,686)	-	(2,759,154)
At 31 August 2021	1,850,220	289,129	2,665,248	1,373,072	531,329	6,708,998
Net book value						
At 31 August 2021	1,690,339	80,381	2,141,029	542,856	529,245	4,983,850
At 31 August 2020	1,908,074	139,691	2,170,969	676,457	570,769	5,465,960

LIFEWAYS COMMUNITY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

13. Debtors

	2021 £	2020 £
Trade debtors	8,454,534	7,258,798
Other debtors	396,669	898,598
Prepayments and accrued income	6,064,020	6,581,436
	<u>14,915,223</u>	<u>14,738,832</u>

The amounts owed by group undertakings is deemed at risk for recoverability and doubtful debt provision on amounts owed by group undertakings has been recognised in the current year.

Included in the amounts due within one year is £156,177,577 (2020: £148,883,091) of which a provision of £7,294,486 was recognised during the year (2020: £1,260,557). The closing balance of doubtful debt provision in current year is £156,177,577 (2020: £148,883,091) resulting in a net balance of £nil (2020: £nil).

Amounts owed by group undertakings carry interest of 3-month LIBOR plus 5.25% per annum and are repayable on demand.

14. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	14,098,216	20,329,694
	<u>14,098,216</u>	<u>20,329,694</u>

15. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,945,925	2,526,584
Amounts owed to group undertakings	139,388,477	126,517,349
Other taxation and social security	17,740,765	16,265,481
Other creditors	2,532,887	14,344,108
Accruals and deferred income	4,645,759	5,233,948
	<u>166,253,813</u>	<u>164,887,470</u>

Amounts owed to group undertakings carry interest of 3-month LIBOR plus 5.25% per annum and are repayable on demand.

LIFEWAYS COMMUNITY CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

16. Provisions

Dilapidation provision	2021 £	2020 £
At start of year	792,535	847,978
Utilised in year	(14,750)	(65,956)
Released	(46,249)	10,513
At end of year	731,536	792,535

Dilapidation provision

The dilapidations represent the directors' estimates of the present value of amounts potentially due in respect of dilapidations to leased properties occupied by the Company. The provision is expected to be utilised in line with the expiration of the operating leases over the lease term. The lease terms vary between one and thirty-three years. The impact of discounting is considered to be immaterial.

Onerous lease provision	2021 £	2020 £
At start of year	2,957,262	4,314,389
Additions	10,007,191	2,547,273
Utilised in year	(3,154,004)	(2,946,214)
Released	(308,592)	(958,186)
At end of year	9,501,857	2,957,262

Onerous lease provision

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

LIFEWAYS COMMUNITY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

17. Share capital

	2021 £	2020 £
Authorised, allotted, called up and fully paid 853,279 (2020: 853,279) Ordinary shares of £1.00 each	<u>853,279</u>	<u>853,279</u>

18. Reserves

Share premium account

This reserve account records the amount above the nominal value received for shares sold, less transaction costs.

LIFEWAYS COMMUNITY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

19. Pension commitments

Defined Contribution Scheme

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charges to Income Statement in the year ended 31 August 2021 was £1,740,242 (2020: £1,693,074).

Defined Benefit Scheme

The Company operates a defined benefit pension scheme for qualifying employees of its subsidiaries in Lifeways Community Care Limited ('Lifeways Group Pension Scheme'). Under the schemes, the employees are entitled to retirement benefits varying between 1/80th and 1/60th per cent of final salary on attainment of retirement age. No other post-retirement benefits are provided. The schemes are funded schemes.

The most recent actuarial valuation of the Lifeways Community Care Limited scheme assets and the present value of the defined benefit obligation was carried out by Mercer in August 2019, independent of the Company. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. Deficit recovery contributions are payable on the Lifeways Community Care Limited pension scheme until 30 September 2024.

Reconciliation of present value of plan liabilities:

	2021 £	2020 £
Reconciliation of present value of plan liabilities		
At the start of the year	(7,013,000)	(6,537,000)
Service cost	(200,000)	(260,000)
Interest cost	(128,000)	(119,000)
Actuarial loss	(668,000)	(224,000)
Benefits paid	35,000	127,000
At the end of the year	<u>(7,974,000)</u>	<u>(7,013,000)</u>

Reconciliation of present value of plan assets:

	2021 £	2020 £
Reconciliation of present value of plan assets:		
At the start of the year	5,229,000	5,133,000
Interest income	97,000	94,000
Return on plan assets	896,000	(199,000)
Contributions from scheme participants	41,397	38,226
Contributions from employer	287,603	289,774
Benefits paid	(35,000)	(127,000)
At the end of the year	<u>6,516,000</u>	<u>5,229,000</u>

LIFEWAYS COMMUNITY CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

19. Pension commitments (continued)

Composition of plan assets:

	2021 £	2020 £
Equity instruments	5,536,000	4,308,000
Debt instruments	943,000	883,000
Cash	<u>37,000</u>	<u>38,000</u>
Total plan assets	<u>6,516,000</u>	<u>5,229,000</u>

	2021 £	2020 £
Fair value of plan assets	6,516,000	5,229,000
Present value of plan liabilities	<u>(7,974,000)</u>	<u>(7,013,000)</u>
Net pension scheme liability	<u>(1,458,000)</u>	<u>(1,784,000)</u>

Amounts recognised in the profit and loss account in respect of the defined benefit schemes are as follows:

	2021 £	2020 £
Current service cost	200,000	260,000
Net interest cost	<u>31,000</u>	<u>25,000</u>
Total	<u>231,000</u>	<u>285,000</u>

LIFEWAYS COMMUNITY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

19. Pension commitments (continued)

Key assumptions used:

Investigations have been carried out within the past three years into the mortality experience of the Company's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates.

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2021 %	2020 %
Discount rate	1.7	1.8
Future salary increases	1.7	0.5
Consumer price inflation	3.3	3.1
Assumed life expectations on retirement at 60	(years)	(years)
- Male retiring in 2020	86.4	86.4
- Male retiring in 2040	88.5	88.5
- Female retiring in 2020	87.9	87.9
- Male retiring in 2040	<u>90.1</u>	<u>90.1</u>

20. Commitments under operating leases

At as 31 August 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	5,488,398	5,478,116
Later than 1 year and not later than 5 years	20,483,835	20,744,863
Later than 5 years	53,262,703	60,271,020
Total	<u>79,234,937</u>	<u>86,493,999</u>

21. Charges

The Company's assets are subject to fixed and floating charges over the Group's lending with HSBC Corporate Trustee Company (UK) Limited. The value of loans is £178.6m (2020: £173.6m) at the reporting date.

LIFEWAYS COMMUNITY CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

22. Related party transactions

The Company is taking advantage of the exemption contained in FRS 102 not to disclose transactions with other group companies.

23. Events after the reporting date

In December 2021 the Supplemental Agreement relating to Senior Facilities Agreement (SFA) was amended to update loan facilities for the discontinuation of I IROR from 1 January 2022.

24. Controlling party

The Company's immediate parent company is Lifeways Finance Limited, registered in England and Wales.

The smallest group in which the results of this entity is consolidated is Lifeways Finance Limited, a company incorporated in England and Wales. Copies of the group financial statements of Lifeways Finance Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. The address of Lifeways Finance Limited's registered office is 56 Southwark Bridge Road, London, England, SE1 0AS.

The ultimate parent undertaking of the largest group which includes the results of the Company and for which group financial statements are prepared is Listrac Holdings Limited, a company incorporated in Jersey, Channel Islands. The address of Listrac Holdings Limited is 44 The Esplanade, St Helier, Jersey, JE4 9WG. Copies of the group financial statements of Listrac Holdings Limited may be obtained from the registered office of this company.

Listrac Holdings Limited is a portfolio company of OMERS Administration Corporation ("OMERS") as administrator of the OMERS pension plans and trustee of the pension funds.