

Parent Company Accounts for Creative Support and Consultancy Limited (Reg No. 05614776) confirming its guarantee under section 479C of the Companies Act as per note 11 on page 29.

**Galaxy Group Midco Limited**

**Annual Report and Financial Statements**

**For the year ended 29 February 2020**

**Registered number: 11112295**

WEDNESDAY

TU



\*A9W2BYCX\*

A05	13/01/2021	#319
COMPANIES HOUSE		
*A98SDCEO*		
A05	07/07/2020	#163
COMPANIES HOUSE		

## **Galaxy Group Midco Limited**

### **Annual Report and Financial Statements 29 February 2020**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Strategic report</b>	<b>2</b>
<b>Director's report</b>	<b>6</b>
<b>Statement of directors responsibilities</b>	<b>8</b>
<b>Independent auditor's report to the members of Galaxy Group Midco Limited</b>	<b>9</b>
<b>Consolidated Profit and Loss account</b>	<b>11</b>
<b>Consolidated balance sheet</b>	<b>12</b>
<b>Company balance sheet</b>	<b>13</b>
<b>Consolidated statement of changes in equity</b>	<b>14</b>
<b>Company statement of changes in equity</b>	<b>15</b>
<b>Consolidated cash flow statement</b>	<b>16</b>
<b>Notes to the financial statements</b>	<b>17</b>

---

## **Galaxy Group Midco Limited**

### **Officers and professional advisers**

#### **Directors**

M Aggarwal  
K Solway  
M Brown (Appointed 10<sup>th</sup> April 2019)  
G Fitton (Appointed 4<sup>th</sup> June 2020)

#### **Registered Office**

3<sup>rd</sup> Floor  
11 – 12 St James Square  
London  
SW1Y 4LB

#### **Auditor**

KPMG LLP  
Statutory Auditor  
Crawley  
United Kingdom

# Galaxy Group Midco Limited

## Strategic report

### Principal activities and review of the business

The principal activity of the Group is the provision of care for people with learning difficulties or mental health issues or a combination of both.

### Review of the business

The Group's results are in line with expectations.

The key financial highlights are as follows:

	Year ended 29 February 2020 £'000	50 weeks ending 28 February 2019 £'000
Turnover	183,864	102,573
Operating profit margin	7%	10%
Loss before tax	(21,449)	(9,225)

Key performance indicators for the Group include the following –

The group is a registered care provider and is inspected by CIW (the Welsh care regulator) and CQC (the English care regulator).

On the 2 December 2019 the Group acquired 100% share capital of DE Healthcare (Midlands) Limited and its 100% owned subsidiary Dunstall Enterprises Limited.

As at February 2020, the Group provided care across approximately 385 services which comprised 2,395 available bedrooms. The occupancy rate within those services was in excess of 88%.

The group is anticipated to continue growing year on year through a combination of buying properties and opening them for residential care, outreach care and supported living facilities combined with acquiring going concerns.

During the prior period the group changed its accounting period from 16<sup>th</sup> March to 28<sup>th</sup> February.

### Proposed dividend

The directors do not recommend the payment of a dividend.

### Management team

The Group continues to develop its management team, including the culture and ability to respond to sector developments, ensuring that at all times the Group's policies, procedures and ethos maintain a vision for the people we support into community-based services and accommodation affording more choice and independence.

The Group continues to communicate with transparency to staff, service users and purchasers.

### Future prospects and events

There are growth opportunities in the sector for the Group, which continues to have a strong reputation. The Group remains well placed to deliver organic growth, supplemented by appropriate acquisitions.

### Principal risks and uncertainties

The directors have assessed the level of risk within the business and believe it to be similar to comparable UK-based care and support organisations where, sound working capital management and good purchaser relations are essential to the future wellbeing of the Group. The directors believe that the current controls and processes within the business are appropriate and adequate to achieve this position.

The Covid-19 pandemic is an unprecedented situation which will impact operations in the short-term but the Group is continuing to deliver core care services and is not expecting a significant reduction in revenue. Budget stress testing indicates the business can operate within funding covenants for the foreseeable future.

## **Galaxy Group Midco Limited**

### **Strategic Report (continued)**

The possible economic and legislative changes arising as a result of the UK's repositioning of its relationship with the European Union is outside the Group's control. The directors continually monitor the economic and legislative position and believe they are well placed to address any changes as and when they might arise.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees the policies for managing each of these risks as follows:

**i) Interest rate risk**

The Group finances its operations through a mixture of retained profits and long-term loans from Group Undertakings. The Group borrows at floating rates of interest. Interest rate projections are reviewed on a regular basis to determine whether future hedging may be required.

**ii) Liquidity risk**

The Group's policy throughout the period has been that committed facilities are maintained at levels to ensure all planned requirements are met.

**iii) Credit risk**

The Group's principal financial assets are cash and trade receivables. The Group invests significantly to retain and improve the quality of its service offering. Trade receivables are reviewed on a regular basis to ensure they are collectable. The amounts presented in the balance sheet 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 cash flows.

**Going concern**

The directors have carefully considered the going concern basis underlying the preparation of the financial statements.

Recent trading activity across the Company has been in line with expectations. Referral levels have been maintained during the year and the quality of the services continued to improve, thus sustaining the Company's high occupancy levels. The Company is cash generative and funds have been continued to be reinvested to increase capacity levels and drive growth.

Brexit is a significant political event for the UK, and the economic consequences of Brexit are likely to be wide ranging, however because of nature of business it would not materially impact the Galaxy Group or any of its subsidiaries.

The directors have a reasonable expectation that the Galaxy Group have adequate resources to continue in operational existence for the foreseeable future.

Management have prepared detailed forecasts for the Galaxy Group for the period to February 2022, which includes the impact of Covid-19 on the Group's plans and future forecast. Net debt levels, servicing costs and covenant requirements are closely monitored and managed according to strict management processes. Management have considered the expected availability of working capital and achievement of covenants required.

The directors believe that the Group is well placed to manage its risks successfully despite the current economic conditions which create uncertainty.

Based on their forecast review and other factors described above, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the annual report and financial statements.

**Director's duties – compliance with s172 of companies act 2006**

Section 172 of the companies Act 2006 require directors of the Group to act in a way they consider, in good faith, would most likely promote the success of the Group for the benefit of its shareholders as a whole. In doing this, section 172 requires a director to have a regard, amongst other matters, to the:

- Likely consequences of any decision in the long-term;
- Need to foster the Group's business relationship with suppliers, customers and others;
- Impact of the Group's operations on the community and environment;
- Desirability of the Group maintaining a reputation for high standards of business conduct; and
- Need to act fairly between members of the Group.

## **Galaxy Group Midco Limited**

### **Strategic Report (continued)**

To discharge their section 172 duties the directors had regard to the factors set out above in making the principal decisions taken by the Group.

#### **Stakeholders**

Successful delivery of the Galaxy Group Midco Limited (the "Group") strategy depends on effective engagement with stakeholders. The directors have a duty, under the Act, to act in the way most likely to promote the success of the Group for the benefit of its shareholders and the people we support. In doing so, directors must pay regard to key stakeholders and to the reputation of the Group for high standards of business conduct.

Directors consider stakeholder factors when making decisions as a Board and Executive Committee, when setting strategy, developing policies, fostering the corporate culture and guiding and delegating decisions to management and employees. Engagement with stakeholders also involves judgement and actions by managers and employees with whom stakeholders interact directly.

The Group's Board receives a monthly Board report that takes into consideration key stakeholders. The report also highlights major risk areas.

The following statement identifies the key stakeholder groups and outlines methods that directors used to engage with them, understand the issues to which they should have regard, and gather feedback.

#### **People we support**

The Group is relentlessly focused on service quality for the people we support. The Group uses a structured approach and framework to deliver the quality of service by receiving regular feedback from the people we support, this is embedded in the process of improving the quality of services provided.

#### **Employees**

The Group's success depends on its ability to attract and retain qualified and experienced employees. The Group continues to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

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. During the year, the policy of providing employees with information about the Group has continued through internal media methods in which employees have been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

#### **Suppliers**

The supply chain is fundamental to the Group's business as a provider of residential care, outreach care and supported living services for people with learning disabilities and complex needs including mental health needs. The Group's policy is to settle terms of payment with suppliers when agreeing the term of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

#### **Community**

A key element of the Group's commercial success is acting responsibly towards and creating new opportunities for the people we support within their local community.

#### **Standards of Business Conduct**

The Group is committed to conduct business with the highest integrity and the compliance with the law and have standards in place which must be adhered to by everyone who represents the Group. These standards embody the fundamental principles

## **Galaxy Group Midco Limited**

### **Strategic Report (continued)**

that govern our ethical and legal obligations. These standards not only comply with the Group's policies but also with laws and regulations applicable.

#### **Acting Fairly Between Members**

Galaxy Group Midco Limited is a 100% subsidiary undertaking of Galaxy Group Topco Limited, incorporated in Jersey and the ultimate Parent Company is AMP Capital Investors.

Approved by the Board of Directors and signed on behalf of the Board

G Fitton  
Director

23 June 2020

**Registered Office**  
3<sup>rd</sup> Floor  
11 – 12 St James Square  
London  
SW1Y 4LB

# Galaxy Group Midco Limited

## Directors' report

Following the introduction of the strategic report under section 414A of the Companies Act 2006, the directors have disclosed the following information in the strategic report:

1. Financial risk management policies;
2. Going concern;
3. Future developments and events since the balance sheet date;
4. Employee consultation and disabled employee policies;
5. Supplier payment policy; and
6. Results and dividends

### Directors

The directors who served the Company during the year and since the year end are set out on page 1.

### Director's indemnities

The Group has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### Corporate Governance Report

For the year ended 29 February 2020, under the Regulations, the Company has applied the Wates Corporate Governance Principles (as published by the Financial Reporting Council in December 2018). Our application of each principle is outlined below.

#### *Principle 1 – Purpose and Leadership*

**Purpose:** deliver industry leading services which includes residential care, outreach care and supported living services for people with learning disabilities and complex needs including mental health needs. The Board ensures that the company operates with a clear sense of purpose and collective vision.

**Values:** our core values are as follows:

- **Making things happen:** We have the passion, energy and resilience to overcome challenges and achieve together.
- **Having fun:** we get the most out of every day and celebrate our achievements and successes.
- **Being Brave:** We are creative and confident, empowering the people we support and our teams to achieve amazing things.
- **Valuing everyone:** We value the unique talents of every individual and work together to help everyone achieve their potential.

**Strategy:** Consideration of, and monitoring of performance against, the strategy is undertaken by the Board. Consideration is given to the impact of the company's operations on various stakeholder groups. The Group is ethically-led and is committed to operating its business with the interests of the Group's employees and wider stakeholders in mind.



## **Galaxy Group Midco Limited**

### **Directors' report (continued)**

#### ***Principle 2 – Board Composition***

The Board actively works to improve the diversity at every level of our business. Diversity, equality and gender parity are business priorities of the Group. The Group has made progress in female representation at the top level of our organisation. The Board's directors keep their knowledge, skills and familiarity with the business up-to-date by engaging with senior management and by updating with internal and external training.

#### ***Principle 3 – Director Responsibilities***

The Board as a whole includes the right level of skills and experience to cater for the needs of the business and provides focus on operational governance. The Board receives regular reports from Management at its meetings, reviews the information provided and provides appropriate challenge. The data provided to the Board is continuously reviewed and enhanced where necessary to ensure that the right focus is applied to performance against strategy.

#### ***Principle 4 – Opportunity and Risk***

The Board is responsible for strategic decision-making and risk management to retain the success of the Group by identifying opportunities to create and preserve value. The Board receives regular reports which includes identification and mitigation of the risks to the business.

#### ***Principle 5 – Remuneration***

One of the objectives of the Remuneration Committee is to attract and retain talented and experienced executives accordingly, compensation is set at a level competitive with the market. The Compensation Programme is applicable to the Company's directors, uses a combination of base pay and incentive programmes linked to financial and strategic performance objectives.

#### ***Principle 6 – Stakeholders***

As a provider of residential care, outreach care and supported living services for people with learning disabilities and complex needs including mental health needs business providing a range of outsourced services to its clients, the Group recognises the impact its operations have on a wide range of stakeholders, particularly its employees, customers and suppliers. Stakeholder engagement is embedded at all levels of the organisation with clear direction from the Board and senior Management.

#### **Disclosure of information to auditor**

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

KPMG LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board

  
G J Fitton  
Director

23 June 2020

**Registered Office**  
3<sup>rd</sup> Floor  
11 – 12 St James Square  
London, SW1Y 4LB

## **Galaxy Group Midco Limited**

### **Statement of directors responsibilities**

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 they have elected to prepare the group and parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent Company and of their profit or loss for that period. In preparing each of the group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

## **Independent auditor's report to the members of Galaxy Group Midco Limited**

### **Opinion**

We have audited the financial statements of Galaxy Group Midco Limited ("the Company") for the year ended 29<sup>th</sup> February 2020 which comprise the Consolidated profit and loss account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes In Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's loss and of the parent Company's affairs as at 29<sup>th</sup> February 2020 and of the Group loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model; and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

## **Independent auditor's report to the members of Galaxy Group Midco Limited (continued)**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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



**Mark Sheppard (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants, Crawley, United Kingdom

Date: 24 June 2020

## Galaxy Group Midco Limited

### Consolidated Profit and Loss account Year ended 29 February 2020

		Year ended 29 February 2020 £'000	50 weeks ending 28 February 2019 £'000
	Notes		
Turnover	2	183,864	102,573
Cost of sales		(116,575)	(67,906)
Gross profit		67,289	34,667
Administrative expenses		(55,249)	(24,584)
Operating profit		12,040	10,083
Interest receivable		39	19
Interest payable and similar charges	6	(31,096)	(19,260)
Loss on disposal of fixed assets		(2,482)	(67)
Loss before taxation	3	(21,499)	(9,225)
Tax credit / (charge) on loss	8	1,187	(2,507)
Loss for the period after taxation		(20,312)	(11,732)

The accompanying notes on pages 17 to 36 form part of the financial statements.

There is no comprehensive income for either period other than the result for the period, the whole of which has been derived from continuing activities.

## Galaxy Group Midco Limited

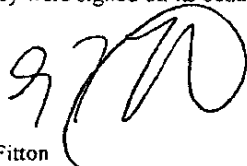
### Consolidated Balance sheet As at 29 February 2020

	Notes	29 February 2020 £'000	28 February 2019 £'000
<b>Fixed assets</b>			
Intangible assets	9	135,520	141,159
Tangible assets	10	469,524	470,023
		<u>605,044</u>	<u>611,182</u>
<b>Current assets</b>			
Debtors	13	25,293	18,854
Cash at bank and in hand		15,712	16,785
		<u>41,005</u>	<u>35,639</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(33,446)</u>	<u>(36,908)</u>
<b>Net current assets / (liabilities)</b>		<u>7,559</u>	<u>(1,269)</u>
<b>Total assets less current liabilities</b>		<u>612,603</u>	<u>609,913</u>
<b>Creditors: amounts falling due in more than one year</b>	15	<u>(456,011)</u>	<u>(427,358)</u>
<b>Provisions for liabilities and charges</b>	17	<u>(36,676)</u>	<u>(42,327)</u>
<b>Net assets</b>		<u>119,916</u>	<u>140,228</u>
<b>Capital and reserves</b>			
Called up share capital	19	1,378	1,378
Share premium reserve	20	151,822	151,822
Profit and loss account		<u>(33,284)</u>	<u>(12,972)</u>
<b>Total shareholder's funds</b>		<u>119,916</u>	<u>140,228</u>

The accompanying notes on pages 17 to 36 form part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 23 June 2020.

They were signed on its behalf by:

  
G Fitton  
Director

## Galaxy Group Midco Limited

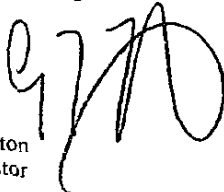
### Company Balance Sheet As at 29 February 2020

	Notes	29 February 2020 £'000	28 February 2019 £'000
<b>Fixed assets</b>			
Investments	11	153,200	153,200
<b>Current assets</b>			
Debtors	13	217,529	202,613
Cash at bank and in hand		-	-
		<u>217,529</u>	<u>202,613</u>
<b>Creditors: amounts falling due within one year</b>	14	-	-
<b>Net current assets</b>		<u>217,529</u>	<u>202,613</u>
<b>Total assets less current liabilities</b>		<u>370,729</u>	<u>355,813</u>
<b>Creditors: amounts falling due in more than one year</b>	15	(218,858)	(202,613)
<b>Net assets</b>		<u>151,871</u>	<u>153,200</u>
<b>Capital and reserves</b>			
Called up share capital	19	1,378	1,378
Share premium reserve	20	151,822	151,822
Profit and loss account		(1,329)	-
<b>Total shareholder's funds</b>		<u>151,871</u>	<u>153,200</u>

The accompanying notes on pages 17 to 36 form part of the financial statements.

The financial statements of Galaxy Group Midco Limited (registered number 11112295) were approved by the Board of Directors and authorised for issue 23 June 2020.

They were signed on its behalf by:

  
G Fitton  
Director

## Galaxy Group Midco Limited

### Statement of Changes in Equity Year ended 29 February 2020

#### Group

	Called-up share capital £'000	Share Premium £'000	Profit and loss account £'000	Total £'000
Balance at 16 March 2018	910	90,090	(1,240)	89,760
Loss for the period and total comprehensive income for the period	-	-	(11,732)	(11,732)
<b>Transactions with owners, recorded directly in equity</b>				
Issue of shares	468	61,732	-	62,200
Total Contributions by and distributions to owners	468	61,732	-	62,200
<b>At 28 February 2019</b>	<b>1,378</b>	<b>151,822</b>	<b>(12,972)</b>	<b>140,228</b>
Loss for the period and total comprehensive income for the year	-	-	(20,312)	(20,312)
<b>Balance at 29 February 2020</b>	<b>1,378</b>	<b>151,822</b>	<b>(33,284)</b>	<b>119,916</b>

The accompanying notes on pages 17 to 36 form part of the financial statements.



## Galaxy Group Mideo Limited

### Statement of Changes in Equity Year ended 29 February 2020

#### Company

	Called-up share capital £'000	Share Premium £'000	Profit and loss account £'000	Total £'000
Balance 16 March 2018	910	90,090	-	91,000
Loss for the period and total comprehensive income for the period	-	-	-	-
<b>Transactions with owners, recorded directly in equity</b>				
Issue of shares	468	61,732	-	62,200
Total Contributions by and distributions to owners	468	61,732	-	62,200
<b>At 28 February 2019</b>	<b>1,378</b>	<b>151,822</b>	<b>-</b>	<b>153,200</b>
Loss for the period and total comprehensive income for the year	-	-	(1,329)	(1,329)
<b>Balance at 29 February 2020</b>	<b>1,378</b>	<b>151,822</b>	<b>(1,329)</b>	<b>151,871</b>

The accompanying notes on pages 17 to 36 form part of the financial statements.

# Galaxy Group Midco Limited

## Consolidated Cash Flow Statement Year ended 29 February 2020

	Notes	Year 29 February 2020 £'000	50 weeks ending 28 February 2019 £'000
<b>Cash flows from operating activities</b>			
Loss for the period		(20,312)	(11,732)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	3	22,203	13,192
Interest receivable and similar income		(39)	(19)
Interest payable and similar charges	6	31,096	19,260
Loss on sale of tangible fixed assets		2,482	67
Taxation	8	(1,187)	2,507
		<u>34,243</u>	<u>23,275</u>
(Increase)/decrease in trade and other debtors		(6,685)	799
Decrease in trade and other creditors		(224)	(7,836)
		<u>27,334</u>	<u>16,238</u>
Tax Paid		(4,308)	(4,730)
Interest received		39	17
<b>Net cash from operating activities</b>		<u>23,065</u>	<u>11,525</u>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary (net of cash acquired)		(11,003)	(148,010)
Proceeds from sale of tangible fixed assets		341	152
Acquisition of tangible fixed assets		(14,717)	(11,110)
<b>Net cash from investing activities</b>		<u>(25,379)</u>	<u>(158,968)</u>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital		-	62,200
Proceeds from new loan		11,105	165,186
Repayment of borrowings		-	(62,942)
Interest paid		(9,864)	(6,453)
<b>Net cash flows from financing activities</b>		<u>1,241</u>	<u>157,991</u>
<b>(Decrease)/Increase in net cash</b>		<u>(1,073)</u>	<u>10,548</u>
<b>Cash and cash equivalents at beginning of year</b>		<u>16,785</u>	<u>6,237</u>
<b>Cash and cash equivalents at end of year</b>		<u>15,712</u>	<u>16,785</u>

The accompanying notes on pages 17 to 36 form part of the financial statements.

# Galaxy Group Midco Limited

## Notes to the financial statements (continued)

Year ended 29 February 2020

### 1 Accounting policies

The Galaxy Group Midco Limited (the "Company") is a Company limited by shares and incorporated and domiciled in the UK registered in England in the UK. The registered number is 11112295 and the registered address is First Floor, Q4 The Square, Randalls Way, Leatherhead, Surrey, KT22 7TW

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent Company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent Company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent Company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

Judgements made by the directors, in the application of these accounting policies include the recoverability of goodwill (note 9) and the valuation of fixed assets (note 10).

#### 1.1 Measurement convention

The financial statements have been prepared under the historical cost convention except that derivative financial instruments are stated at their fair value.

#### 1.2 Going concern

A review of business performance, together with a description of the Group's principal risks and uncertainties is set out in the Strategic Report. A description of the Group's borrowing facilities is included in note 14 to the financial statements.

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons. At the balance sheet date the group had cash balances of £15.7m, net assets of £119.9m, and net current assets of £7.5m.

In making their assessment the directors have prepared projected cash flow information for the period ending 28 February 2022, being more than twelve months from the date of their approval of these financial statements. The projections include the impact of Covid-19 on the company's plans and future forecast, including the impact on occupancy levels, employment and other incremental costs such as personal protection equipment. These projections reflect the company's experience of operating throughout the lockdown that has been in place since late March 2020, with an expectation that there will continue to be incremental costs through to the end of the new financial year. Based on these projections, the directors believe they will operate within existing facilities and that all banking covenants will be met. Other than interest costs, there are no repayment obligations under the group's external financing facilities until 2023.

The directors have also forecast a more severe but plausible downside scenario in which occupancy levels are more greatly impacted and even in this scenario, the directors believe they will operate within existing facilities.

Although all businesses are facing unprecedented levels of uncertainty, based on the above the directors are satisfied that there are no material uncertainties that may cast significant doubt on the company's ability to

## Galaxy Group Midco Limited

### Notes to the financial statements (continued) Year ended 29 February 2020

continue as a going concern and that it remains appropriate to prepare the financial statements on a going concern basis.

#### 1.3 *Basic financial instruments*

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

#### 1.4 *Other financial instruments*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

#### 1.5 *Classification of financial instruments issued by the Group*

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

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

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

## **Galaxy Group Midco Limited**

### **Notes to the financial statements (continued)** **Year ended 29 February 2020**

#### **1.6 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.14 below.

The Group assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- buildings 50 years
- plant and equipment 2- 5 years
- fixtures and fittings 2- 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

#### **1.7 Employee benefits**

##### ***Defined contribution plans***

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

#### **1.8 Provisions**

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

#### **1.9 Taxation**

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

## Galaxy Group Midco Limited

### Notes to the financial statements (continued)

#### Year ended 29 February 2020

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

#### 1.10 Business combinations

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

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

#### 1.11 Intangible assets, goodwill and negative goodwill

##### *Goodwill*

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose

##### *Amortisation*

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

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 20 years.

Fair value on acquisition has been calculated using 3rd party valuations. The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

#### 1.12 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 29 February 2020. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

## Galaxy Group Midco Limited

### Notes to the financial statements (continued)

#### Year ended 29 February 2020

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

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

#### 1.13 Impairment excluding stocks and deferred tax assets

##### *Financial assets (including trade and other debtors)*

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

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

##### *Non-financial assets*

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

## Galaxy Group Midco Limited

### Notes to the financial statements (continued) Year ended 29 February 2020

#### 1.14 Expenses

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### *Interest receivable and Interest payable*

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

#### 1.15 Turnover

Turnover represents amounts receivable for the provision of care and rental income associated with the accommodation provided to service users, net of trade discounts, VAT and other sales related taxes. Income is recognised in line with the duration of the care provision, with amounts received in advance treated as deferred income with creditors.

#### 2 Turnover

The total turnover of the Group for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

#### 3 Loss before tax

The loss before tax is stated after charging:

	Year Ended 29 February 2020 £'000	50 weeks ending 28 February 2019 £'000
Depreciation on tangible fixed assets	14,869	8,662
Amortisation of intangible assets	7,334	4,530
Operating lease costs:		
- Property	3,208	1,034
- Plant and machinery	1,027	240
Group rationalisation and reorganisation costs	2,391	-
Auditors' remuneration		
- audit-related assurance services	270	197
- taxation compliance services	132	145

The audit fee relating to the Company was £10,000 (2019: £10,000).



## Galaxy Group Midco Limited

### Notes to the financial statements (continued) Year ended 29 February 2020

#### 4 Staff numbers and costs

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

	Year ended 29 February 2020 No.	50 weeks ended 28 February 2019 No.
Administration	263	126
Care staff	5,163	3,089
	<u>5,426</u>	<u>3,215</u>
<b>Employment costs</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	100,033	56,099
Social security costs	7,601	3,435
Other pension costs	1,841	614
	<u>109,475</u>	<u>60,148</u>

#### 5 Directors Emoluments

	Year ended 29 February 2020 £'000	50 weeks ended 28 February 2019 £'000
Emoluments for qualifying services	156	-
Company contributions to money purchase schemes	17	-
	<u>173</u>	<u>-</u>

In the prior period there were no Director's Emoluments as all the directors were directly employed and paid by AMP Capital.

## Galaxy Group Midco Limited

### Notes to the financial statements (continued) Year ended 29 February 2020

#### 6 Interest payable and similar charges

	Year ending 29 February 2020 £'000	50 weeks ending 28 February 2019 £'000
On bank loans and overdrafts	10,243	6,676
Amortisation of finance fees	1,304	1,349
On investor loan notes	16,245	10,723
<b>Interest payable</b>	<b>27,792</b>	<b>18,748</b>
Fair value losses on financial instruments	3,304	512
<b>Interest payable and similar charges</b>	<b>31,096</b>	<b>19,260</b>

#### 7 Loss for the financial period

As permitted by section 408 of the Companies Act 2006, the holding Company's profit and loss account has not been included in these financial statements. The loss for the financial period is £1,329k (2019: £nil).

The Company has no employees and did not pay any Directors' emoluments.

## Galaxy Group Midco Limited

### Notes to the financial statements (continued) Year ended 29 February 2020

#### 8 Tax on loss

	Year ending 29 February 2020 £'000	50 weeks ending 28 February 2019 £'000
<b>Current tax</b>		
Current tax charge	3,279	1,428
Adjustment in respect of previous periods	1,423	1,021
<b>Total current period tax</b>	<b>4,702</b>	<b>2,449</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(3,549)	853
Adjustment in respect of previous periods	(2,340)	(795)
<b>Total deferred tax (credit) / charge</b>	<b>(5,889)</b>	<b>58</b>
<b>Tax (credit) / charge for the period</b>	<b>(1,187)</b>	<b>2,507</b>

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	Year ending 29 February 2020 £'000	50 weeks ending 28 February 2019 £'000
Group loss before taxation	(21,449)	(9,225)
At standard rate of 19% (2019: 19%)	(4,085)	(1,753)
Effects of:		
Fixed asset differences – ineligible depreciation	1,160	1,140
Expenses not deductible for tax purposes (principally goodwill, amortisation and loan interest)	2,193	2,894
Impact of tax changes	462	
Adjustments from previous period	(917)	226
<b>Tax charge for the period</b>	<b>(1,187)</b>	<b>2,507</b>

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax liability as at 29 February 2020 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the group's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £4.2m.

## Galaxy Group Midco Limited

### Notes to the financial statements (continued) Year ended 29 February 2020

#### 9 Intangible fixed assets

	Purchased goodwill £'000
<b>Group</b>	
<b>Cost</b>	
At 01 March 2019	146,300
Acquisition of subsidiaries	1,705
Adjustment re prior year acquisitions	(10)
At 29 February 2020	147,995
<b>Amortisation</b>	
At 01 March 2019	5,141
Charge for the period	7,334
At 29 February 2020	12,475
<b>Net book value</b>	
At 29 February 2020	135,520
At 28 February 2019	141,159

The Goodwill arising is being amortised over a period of 20 years on a straight line basis. This is the period over which the directors estimate that the value of the underlying business will exceed the value of the underlying assets.

Additions are comprised of the acquisition of DE Healthcare (Midlands) Limited 2 December 2019 and an adjustment to the acquisition costs of Penny Meadow Life Skills Limited acquired on 28 November 2018.

## Galaxy Group Midco Limited

### Notes to the financial statements (continued)

Year ended 29 February 2020

#### 10 Tangible fixed assets

	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Property improvements £'000	Total £'000
<b>Cost</b>					
At 01 March 2019	408,429	11,511	1,604	58,755	480,299
Acquisition of subsidiaries	2,767	13	22	53	2,855
Additions	3,346	6,567	631	3,794	14,338
Disposals	(2,728)	(22)	(53)	(79)	(2,882)
At 29 February 2020	411,814	18,069	2,204	62,523	494,610
<b>Depreciation</b>					
At 01 March 2019	5,285	3,408	465	1,118	10,276
Charge for the period	7,748	4,117	502	2,502	14,869
Disposals	(24)	(7)	(22)	(6)	(59)
At 29 February 2020	13,009	7,518	945	3,614	25,086
<b>Net book value</b>					
At 29 February 2020	398,805	10,551	1,259	58,909	469,524
At 28 February 2019	403,144	8,103	1,139	57,637	470,023

All tangible fixed assets are pledged as security against the Group external loan. See note 15 for further details.

#### 11 Fixed asset investments

	Company £'000
At 29 February 2019 and at 29 February 2020	153,200

In the opinion of the Directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

## Galaxy Group Midco Limited

### Notes to the financial statements (continued)

Year ended 29 February 2020

#### 11 Fixed asset investments (continued)

The Company holds 100% of the share capital of the following companies:

##### Direct holding

Galaxy Group Bidco Limited

##### Indirect holding

Regard ACH Holdco Limited

CMG Holdco Limited

The Regard (Group) Midco Limited

The Regard (Group) Bidco Limited

Ruby Topco Limited

Aitch Care Homes Topco Limited

Aitch Care Homes Holdco Limited

The Regard Partnership Limited

Oscarvale Limited

Venesta Agencies Limited

Aitch Care Homes (London) Limited

Adelphi Care Services Limited

New Partnerships Limited

Solar Care Homes Limited

Aitch Care Homes (Woking) Limited

Arcadia Limited

Community Support Homes Limited

Highdowns Residential Homes Limited

Care Management Group (Acquisition) Limited

Care Management Group (UK) Limited

Care Management Group (Holdings) Limited

Care Management Group Limited

Care Management Group (Southern) Limited

CMG Homes Limited

Care Management Group (Cymru) Limited

Blocklin House Limited

Care Management Group Trustees Limited

Victoria House (UK) Limited

Achieve together Limited

Wherewelcome Care Group Limited

Solent Residential Homes Limited

Pathways (Trebanos) Limited

Farisean Limited

Alderwood LLA Limited

CMG (Enfield) Limited

Helene Care Limited

Sevilles Limited

Philori Care Limited

Homes Caring For Autism Limited

Somerset HCA Limited

Creative Support and Consultancy Limited

Penny Meadow Life Skills Limited

S.S Care Limited

DE Healthcare (Midlands) Limited

Dunstall Enterprises Limited

Dormant Company

Dormant Company

Dormant Company

Holding Company

Dormant Company

Dormant Company

Dormant Company

Providers of care for people with learning difficulties

Provision of accommodation for people with learning difficulties

Dormant Company\*

Dormant Company\*

Dormant Company\*

Dormant Company\*

Dormant Company\*

Dormant Company

Dormant Company

Dormant Company

Dormant Company

Holding Company

Dormant Company

Dormant Company

Running care homes

Dormant Company

Agency services for parent Company

Running care homes

Dormant Company

Dormant Company

Dormant Company

Dormant Company

Dormant Company

Dormant Company

Dormant Company

Dormant Company

Dormant Company

Dormant Company

Dormant Company

Dormant Company

Dormant Company

Dormant Company

Dormant Company

Dormant Company

Dormant Company

Dormant Company\*

Dormant Company\*

\* Prior to the hive-up of assets the principal activity of these companies was running care homes.

## Galaxy Group Midco Limited

### Notes to the financial statements (continued)

Year ended 29 February 2020

#### 11 Fixed asset investments (continued)

All companies, with the exception of Oscarvale Limited, are registered at First Floor, Q4 The Square, Randalls Way, Leatherhead, Surrey, KT22 7TW. Oscarvale Limited is registered at 4h Ashford House, Beaufort Court, Sir Thomas Langley Road, Rochester, England, ME2 4FA.

The subsidiary undertakings listed below are exempt from the Companies Act 2006 requirements relating to the audit of their financial statements by virtue of 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act.

Company	Company Number
The Regard ACH Holdco Limited	10308226
The Regard (Group) Midco Limited	09653619
The Regard (Group) Bidco Limited	09653637
Ruby Topco Limited	09084001
Aitch Care Homes Topco Limited	08806657
Aitch Care Homes Holdco Limited	08790813
New Partnerships Limited	06384583
Adelphi Care Services Limited	05058188
Solar Care Homes Limited	07913971
Aitch Care Homes (Woking) Limited	04615854
Venesta Agencies Limited	03155471
Aitch Care Homes (London) Limited	05016149
Adelphi Care Services Limited	05058118
CMG Holdco Limited	08698034
Care Management Group (UK) Limited	04582476
Care Management Group (Acquisition) Limited	05867920
Care Management Group (Cymru) Limited	03761455
Blocklin House Limited	01213132
Farisean Limited	06842876
Alderwood LLA Limited	03876881
CMG (Enfield) Limited	06060770
Helene Care Limited	08558824
Sevilles Limited	05672119
Philori Care Limited	05931715
Homes Caring For Autism Limited	05457634
Somerset HCA Limited	04763762
Creative Support and Consultancy Limited	05614776
Penny Meadow Life Skills Limited	09318823
S.S Care Limited	06476008
DE Healthcare (Midlands) Limited	08510836
Dunstable Enterprises Limited	05522849

## Galaxy Group Midco Limited

### Notes to the financial statements (continued)

Year ended 29 February 2020

#### 12 Acquisitions of businesses

##### *Acquisitions in the current period*

##### **i) Acquisition of DE Healthcare (Midlands) Limited**

On 2 December 2019, the Group acquired 100% of the shares of DE Healthcare (Midlands) Limited for £4.4m including costs. The Group cares for people with learning disabilities. The business contributed £580,000 revenue and £120,000 operating profit for the period.

The provisional fair value and book value of net assets acquired are broken down as follows:

	Book Value	Fair value adjustment (provisional)	Recognised values on acquisition
	£'000	£'000	£'000
Tangible Fixed assets	1,426	1,429	2,855
Trade and other debtors	279	-	279
Cash	54	-	54
Trade and other creditors	(287)	-	(287)
Deferred tax liabilities	(26)	(211)	(237)
	<u>1,446</u>	<u>1,218</u>	<u>2,664</u>
Initial Cash Consideration relating to business combination			4,236
Costs directly attributable to the business combination			133
Total consideration			<u>4,369</u>
Goodwill on acquisition			<u>1,705</u>

The deferred tax liability is a provisional estimate of the liability arising on the fair value adjustment on the property valuation. An adjustment, should one be necessary, will be made in the next accounting period when the directors have finalised the tax base cost of all the acquired assets.

##### **Other acquisition payments**

During the year, the company settled deferred consideration liabilities relating to previous acquisitions totalling £6.6m.



## Galaxy Group Midco Limited

### Notes to the financial statements (continued) Year ended 29 February 2020

#### 13 Debtors

	29 February 2020		28 February 2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade debtors	17,095	-	12,978	-
Amounts owed by subsidiary undertakings	-	217,529	-	202,613
Prepayments and accrued income	8,198	-	5,876	-
	<u>25,293</u>	<u>217,529</u>	<u>18,854</u>	<u>202,613</u>

#### 14 Creditors: amounts falling due within one year

	29 February 2020		28 February 2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade creditors	3,002	-	1,533	-
Other taxation and social security	1,895	-	2,047	-
Corporation Tax	1,447	-	922	-
Bank interest	535	-	418	-
Accruals and deferred income	21,071	-	20,752	-
Other creditors	5,496	-	11,236	-
	<u>33,446</u>	<u>-</u>	<u>36,908</u>	<u>-</u>

#### 15 Creditors: amounts falling due after more than one year

	29 February 2020		28 February 2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans	241,165	-	230,061	-
Investor loan notes	218,858	218,858	202,613	202,613
Capitalised re-financing costs	(4,012)	-	(5,316)	-
	<u>456,011</u>	<u>218,858</u>	<u>427,358</u>	<u>202,613</u>

## Galaxy Group Midco Limited

### Notes to the financial statements (continued) Year ended 29 February 2020

#### 15 Creditors: amounts falling due after more than one year (continued)

##### Bank loan maturity analysis

	29 February 2020		28 February 2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Within one year	535	-	418	-
Between two and five years	241,165	-	230,061	-
Capitalised re-financing costs	(4,012)	-	(5,316)	-
	<u>237,688</u>	<u>-</u>	<u>225,163</u>	<u>-</u>

The bank loans, the aggregate of which amounts to £241.1m is repayable in January 2023. Interest is payable at LIBOR plus 3% on the debt.

The bank holds a fixed and floating charge over the Group's assets.

The investor loan notes attract interest at 8% per annum and are due for repayment in January 2026.

The carrying amounts of the financial assets and liabilities include:

	29 February 2020		28 February 2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Asset measured at amortised cost	32,807	217,529	29,763	202,613
Liabilities measured at fair value through profit or loss:	(3,852)	-	(512)	-
Liabilities measured at amortised cost	<u>(488,280)</u>	<u>(218,858)</u>	<u>(466,209)</u>	<u>(202,613)</u>

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The Group has swaps with a nominal value of £175m at rates between 1.095% and 1.34% expiring in January 2023. The fair value of the swaps is included in other creditors.

## Galaxy Group Midco Limited

### Notes to the financial statements (continued) Year ended 29 February 2020

#### 16 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	29 February 2020 £'000	28 February 2019 £'000
At the beginning of the period	41,641	27,280
(Credited) / charged to the profit and loss account	(3,549)	853
Adjustment in respect of prior periods credited to profit and loss account	(2,340)	(795)
Arising on acquisitions (note 12)	237	14,670
Other	-	(367)
At the end of the period	<u>35,989</u>	<u>41,641</u>

	29 February 2020 £'000	28 February 2019 £'000
Fixed asset timing difference	3,059	329
Short term timing differences	(5,035)	(398)
Arising on business combinations	37,965	41,710
Net deferred tax liability <sup>1</sup>	<u>35,989</u>	<u>41,641</u>

#### 17 Provisions for liabilities and charges

	Deferred Tax (note 16) £'000	Property dilapidations £'000	Group £'000
At 01 March 2019	41,641	687	42,328
Acquisition of subsidiary undertaking	237	-	237
Utilised in the period	(5,889)	-	(5,889)
At 29 February 2020	<u>35,989</u>	<u>687</u>	<u>36,676</u>

## Galaxy Group Midco Limited

### Notes to the financial statements (continued)

Year ended 29 February 2020

#### 18 Employee benefits

The Group operates five defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered pension funds. The pension cost charge includes contributions payable by the Group of £1,830k (2019: £614k).

A defined benefit scheme is operated for the employees who were transferred to the Group's payroll as part of the purchase of care contracts for people with a learning disability. As part of the purchase agreement, Eastbourne Downs PCT has agreed to indemnify the Group over time for any funding deficits, and consequently the Group is not responsible for making good the deficit.

As permitted by FRS 102, on the basis that employer contributions are set in relation to the current service period only, the Group has accounted for the contributions to the scheme as if it were a defined contribution pension scheme. The pension cost charge includes contributions payable by the Group of £nil. The scheme is currently in surplus and no contributions are currently being made.

#### 19 Called up share capital

	29 February 2020 £'000	28 February 2019 £'000
<b>Called up, allotted and fully paid:</b>		
1,377,670 (2019: 1,377,670) Ordinary shares of £1	1,378	1,378

#### 20 Share premium reserve

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses.

	£'000
Balance as at 16 March 2018	90,090
Arising on issue of shares	61,732
Balance as at 28 February 2019	151,822
Arising on issue of shares	-
Balance as at 29 February 2020	151,822

## Galaxy Group Midco Limited

### Notes to the financial statements (continued) Year ended 29 February 2020

#### 21 Lease commitments

Total future minimum lease payments under non-cancellable operating leases is as follows:

	29 February 2020		28 February 2019	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Total future minimum lease payments under non-cancellable operating leases:				
(i) not later than one year	2,829	716	3,098	954
(ii) later than one year and not later than 5 years; and	7,680	889	9,121	1,236
(iii) later than five years	7,299	-	8,323	-
	<u>17,808</u>	<u>1,605</u>	<u>20,542</u>	<u>2,190</u>

#### 22 Financial commitments

All companies within the Group have guaranteed the Group's obligations under the Group bank facility. The total liability for the loan at year end is £241.1m.

#### 23 Accounting Estimates

The carrying value of goodwill relies on forecasts of future cash flows, which are inherently uncertain. If actual performance differs from estimates, resulting in future cash flows being lower than anticipated, the carrying value might become impaired.

Management utilise the expertise of external valuers in determining the value of the group's land and buildings. The valuation of land and buildings depends on a number of variable factors such as the expected trading performance of each service and general market conditions for this type of property. These assumptions are subject to fluctuation which could result in a material adjustment in future periods.

#### 24 Ultimate controlling parties

The Company is a subsidiary undertaking of Galaxy Group Topco Limited, incorporated in Jersey and the ultimate Parent Company is AMP Capital Investors (European Infrastructure No 5) S.à.r.l. incorporated in Luxembourg. The directors do not consider that there is an ultimate controlling party of the company but it is held by funds managed by AMP Capital Investments (UK) Limited which was incorporated in the UK.

#### 24 Related party transactions

A total of £216m was owed at the year end (2019: £202.2m) to AMP Capital Investors (European Infrastructure No 5) S.à.r.l.

## **Galaxy Group Midco Limited**

### **Notes to the financial statements (continued)**

**Year ended 29 February 2020**

#### **25 Subsequent events**

In light of the rapidly escalating COVID-19 pandemic, the Group has considered whether any adjustments are required to reported amounts in the financial statements. As at the 29 February 2020 balance sheet date, no global pandemic had been declared and the UK had very few confirmed cases and was still in the 'containment' phase. The full ramifications of COVID-19, and the extent of Government interventions in response, were not apparent until March. The Group has therefore concluded that the necessity for large-scale government interventions in response to COVID-19 only became apparent after the balance sheet date and therefore that the consequences of such interventions represent non-adjusting post balance sheet events.

The Covid-19 pandemic is an unprecedented situation which will impact operations in the short-term but the Company is continuing to deliver core care services and is not expecting a significant reduction in revenue. Budget stress testing indicates the business can operate within funding covenants for the foreseeable future. There were no other subsequent events after the balance sheet date that would materially impact the financial statements.