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Registered Company Number 129692642

SSCP Pegasus Topco Limited

Annual Report and Consolidated Financial Statements

for the year ended 31 March 2023

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Corporate information

Directors
J L Heathcote
C L Heine
P B S Keys
F F McCelland
D A Spruzen

Registered office
3 The Courtyards
Phoenix Square
Wyncolls Road
Colchester
Essex
CO4 9PE

Company number
12969264

Independent auditor
Deloitte LLP
Statutory Auditor
1 Station Square
Cambridge
CB1 2GA

Bankers
Barclays Bank
1 Churchill Place
Canary Wharf
London
E14 5HP

Solicitors
Dickson Minto
Broadgate Tower
20 Primrose Street
London
EC2A 2EW

Strategic report

For the year ended 31 March 2023

The Directors present their Strategic Report on the affairs of SSCP Pegasus Topco Limited (the "Company") and its subsidiary undertakings (together, the "Group") for the year ended 31 March 2023.

Principal Activity

The principal activity of the Group headed by SSCP Pegasus Topco Limited is that of the provision of specialist residential care and supported living services to people with learning disabilities, autism and complex needs, including Prader-Willi Syndrome.

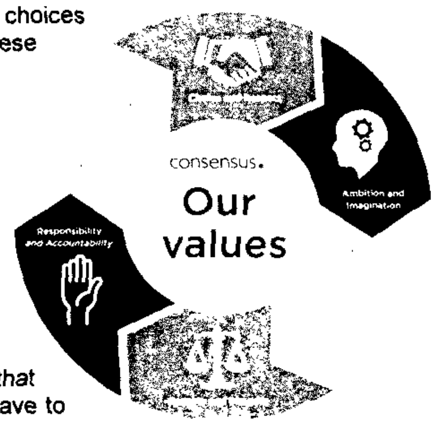
The Company acts as a non-trading holding company to the Group. The Consensus Group's activities are carried out by the subsidiary undertakings which are listed in note 13 on page 35 to the financial statements. The Group trades as Consensus Support Services or Consensus ("Consensus").

Consensus was established in 2005 to support individuals with learning disabilities, autism and complex needs, including Prader-Willi Syndrome. Since that time our business and reputation have continued to grow. Our strong governance systems and processes give safety and security to the people we support and allow us to manage risk effectively. Our commitment to delivering the highest standards of support is nationally recognised and our ethos goes beyond the quality of support, ensuring that every person living in a Consensus service is afforded a good quality of life. Our approach is validated through the consistently high quality ratings we receive from national regulators (CQC and Ofsted in England, CIW in Wales and CIS in Scotland) and through the audits conducted by our employed team of Quality Checkers who live in our services and audit from the experience of a supported individual the people we support.

We can only deliver the best quality of support and afford people the best quality of life by developing a great team. Our colleagues are among the best and most dedicated in the sector: trusted by individuals, families, local authorities and commissioners alike to deliver the best in personalised support in bespoke settings.

We are a values led organisation and our values show our determination to be the best and to do the best for the individuals we support, their families and the commissioners we work with.

Choice and Respect: we believe everybody can express choices about their lives and we will do all that we can to make these real.



Ambition and Imagination: we believe everyone can do amazing things and we will work creatively to support this.

Reliability and Professionalism: we always aim to do our best and work to exceed expectations.

Honesty and Integrity: we are always open and transparent in what we do and always try to do our best.

Responsibility and Accountability: it is important to us that everyone understands the special and unique role they have to play in our organisation and that they are clear about what is expected.

Inclusive and Supportive: we want everybody to feel part of the team and will look for opportunities for individuals to grow.

More information on the Group's principal activity can be found on www.consensussupport.com.

Strategic report (continued)

For the year ended 31 March 2023

Review of Business Performance

We aim to present a balanced and comprehensive review of the development and performance of the Group during the year and its position as at 31 March 2023. Our review is consistent with the size and relatively noncomplex nature of our business and is written in the context of the risks and uncertainties we face.

During the year the Group has continued to invest in maintaining its care provision and developing additional capacity. This has ensured that the standard of provision has been maintained and, where possible, enhanced. The focus on the quality of provision remains the overriding priority of the Group.

The directors are pleased with the performance of the Group during the year, with increases in turnover, gross profit and EBITDA from its principal activity. In the year ended 31 March 2023, the Group achieved turnover of £76.7m (2022: £67.1m) and generated an operating profit of £2.9m (2022: £3.2m). Revenue is driven by fees for providing specialist residential care and supported living services to the people we support.

The Group is in a strong position as we head into the 2023/24 financial year.

Financial Highlights for the year ending 31 March 2023	2023	2022
	£m	£m
Turnover	76.7	67.1
Gross profit	31.7	26.6
Gross profit %	41.3%	39.6%
Adjusted EBITDA*	14.8	13.3
Adjusted EBITDA%	19.3%	19.3%
Operating profit	2.9	3.2
Net cash inflow from operating activities	12.9	10.5
Net (decrease)/increase in cash and cash equivalents	(0.4)	(1.9)

* As defined below

The Group prides itself on the high standard of care it offers and at the end of March 2023 96% of our 68 registered services in England were rated good or outstanding by the regulator, Care Quality Commission. Services regulated by Ofsted (1), Care Inspectorate Wales (7) and Care Inspectorate Scotland (1) were all rated as fully compliant or good. In the event that any service is rated as less than 'good' by CQC or other regulator, an immediate action plan is put in place to improve the service.

The Group incurred a number of non-cash costs to arrive at a loss before tax of £14m (2022: £11.3m). These included depreciation, goodwill amortisation and accrued interest on preference shares.

Strategic report (continued)

For the year ended 31 March 2023

Key Performance Indicators

The Directors measure the performance of the Group principally by the yardstick of an adjusted EBITDA, in line with the definition within the Investment base case model. In the year ended 31 March 2023 an adjusted EBITDA of £14.8m (31 March 2022: £13.3m) was achieved. EBITDA is arrived at by adjusting operating profit as follows:

	Year ending 31 March 2023	*Year ending 31 March 2022*
	£000	*£000*
Operating profit	2,919	3,205
Amortisation of goodwill	3,404	3,404
Depreciation	5,049	5,066
One-off costs*	2,856	1,129
Stewardship costs	545	509
Adjusted EBITDA	14,773	13,313

* One-off costs in the period relate to business change costs and post acquisition abortive costs.

Principal Risks and Uncertainties

The Directors have set out below the principal risks facing the business. The Directors are of the opinion that a thorough risk management process is in place which involves the formal review of the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

Loss of revenue from contracts with UK local authorities, ICBs and other NHS bodies
The Group's revenue derives from public funded bodies, such as Local Authority Social Care and Integrated Care Boards ('ICBs'). The Group expects that the reliance upon such sources will continue indefinitely and, as such, relies upon the abilities of these bodies to pay for the Group's services. In order to mitigate these risks, the Group regularly assesses services in conjunction with funders to ensure that commissioned placements represent value for money as well as meeting the specific needs of individuals who live in our services. The Group engages with funders on a partnership basis and influences policy by engaging with the trade body, Care England and responding to Government consultations regarding any planned changes in Government policy.

Regulatory and legislative risks
The Group is engaged in regulated activities which are subject to regular external inspection and quality monitoring by the Care Quality Commission, the Care Inspectorate Scotland, the Care Inspectorate Wales or Ofsted, depending upon the service type or location. Local Authorities and ICBs also regularly audit and monitor services. Consensus' commitment to delivering the highest possible standard of support to the individuals we support, to their families and to the commissioners we work with is supported by our own internal robust governance procedures. Every service manager is required to conduct service level audits such as medication audits, health and safety audits and support plan audits. In addition, we act quickly to address and learn from any complaints or issues raised by colleagues, families or other parties, supporting our commitment to safeguard the people we support and continually strive to improve and enhance what we do.

Beyond the service, our Area Directors visit and audit every service regularly and our Quality Team conducts mock inspections and focused audits to support our relentless focus on the quality of service provision. Additionally, service finance and people systems and procedures are audited by the finance and HR teams, ensuring that supported individuals' finances are managed transparently and correctly, and that all HR legislation is fully adhered to.

Strategic report (continued)

For the year ended 31 March 2023

Principal Risks and Uncertainties (continued)

The CEO is held to account on all matters relating to quality by an independent Quality and Safeguarding Board that has the objective of providing scrutiny on how we support the people who live in our services and challenging the organisation to continue to improve. This Quality Board reports directly to the main Board and is chaired by an independent Chair with two further independent members

Inflationary risk
Throughout the year to March 2023 the UK and the global market experienced and continue to experience high inflation, exacerbated by global supply chain issues post Covid and the ongoing situation in Ukraine impacting energy markets in Europe.

Salary inflation is impacted by Government set increases in the National Living Wage, increased on 1 April 2022 and then again on 1 April 2023.

The Group mitigates these risks through negotiating contracts and fee uplifts for existing placements with Commissioners and ensuring new placements are appropriately funded as well as providing value for money for Commissioners.

Gas and Electric costs have increased significantly where possible the company has aimed to mitigate these risks by locking in contracts at competitive prices and guiding homes to be more energy efficient.

People risk
Having the right people with the right skills is the single most important factor to the successful implementation of our strategy and our ability to continually deliver the best quality of support and quality of life to the people who live in Consensus services. As such, we have comprehensive policies, processes and procedures around recruitment and retention of staff, to allow us to attract people with the right values and then support them to develop in their roles.

We have an extensive learning and development framework that supports new Colleagues as they join the organisation as well as ensuring that existing Colleagues are supported to enhance and develop their skills. Our leadership development programme identifies and supports the growth of future leaders within the organisation, helping them to get ready to step into a leadership role. It also supports existing leaders to develop their skills and confidence in their appointed roles.

Our Leadership team is committed to supporting operational teams through developing and enhancing our culture, and their visibility, accessibility and commitment to communication and listening to Colleagues has supported the Group achieving certification as a 'Great Place to Work' in the year.

Financial risk management objectives and policies
The Group's activities expose it to a number of financial risks and the principal business risks are outlined below. The primary financial instruments are bank loans, trade debtors and trade creditors. These arise directly from the Group's trading operations and are regularly reviewed to ensure the Group is not over exposed.

<u>Credit risk</u>
Credit risk is principally on third party derived revenues. Group policy is aimed at minimising such risk and collection of debts is actively managed to ensure that payments are received in a timely manner. The large majority of the Group's customers are publicly funded bodies and have a good payment history. The Directors believe that the Group's exposure to bad debt is not significant.

Strategic report (continued)

For the year ended 31 March 2023

Principal Risks and Uncertainties (continued)

Exposure to liquidity risk and debt service risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate such risk by managing cash generation on a group basis by its operations, applying cash collection targets. The Group also manages liquidity risk via a revolving credit facility and long-term debt. The Group has sufficient committed facilities to fund current and anticipated commitments.

Market price risk
Due to the nature of their principal activity, the Directors do not believe the Group is exposed to significant movements in market prices. In the current economic environment however, the Group's customers continue to operate under budget restrictions. Through its regional management, commercial and referrals teams, the Group maintains close contact with its customers and endeavours to provide innovative and value for money solutions.

Foreign currency risk
The business has no exposure to foreign currency.

Going Concern

In determining the appropriate basis of preparation of the Annual Report and Financial Statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future, that is for at least 12 months from the date of signing this report.

The retained loss for the year is stated after charging goodwill amortisation of £3.4m, depreciation of £5.1m and interest accrued on preference shares of £7.6m, all of which are non-cash items. The Group also has incurred exceptional one-off costs of £2.9m in the year. The Directors acknowledge the current net liabilities position of the Group, which poses no immediate impact to the going concern status of the entity, due to the Group debt, namely the Bank loan and preference shares, not being repayable until 2027, therefore outside of the 12 month period. The Directors continue to monitor the situation in respect of the long term financing of the Group.

The net current liabilities of the Group at 31 March 2023 were £4.0m (2022: £2.2m). The Directors have approved the budget for the financial year ending 31 March 2024 as well as a longer term strategic plan which demonstrates continued profitable growth and positive cash generation. Analysis of forecasts, including downside scenarios, provide sufficient comfort that all covenants will be met for the forecast period.

The Directors are of the opinion that the Group's cash flows from operations will continue to support the ongoing requirement to satisfy the Company's working capital requirements for twelve months from the date of approval and signing of these financial statements.. The Group's future development strategy will be funded from the £60m committed acquisition facility. To add an additional safety net the Group has access to a committed revolving credit facility of £7.0m provided by Barclays Bank. At the year end the Group had drawn £2million on these committed facilities.

Accordingly, after making enquiries, the Directors have formed a judgement at the time of approving the Financial Statements that it is their expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Group Financial Statements.

Strategic report (continued)

For the year ended 31 March 2023

People

The Group has around 1,862 employees (2022: 1,859). working in our services across the Country and in our central support office. We support a culture where clear and constant two-way communication is encouraged throughout the organisation and where leaders are expected to be visible and accessible to their teams. We adopt the mindset of an appreciative organisation, recognising the impact that people make. We encourage an entrepreneurial culture within the Group where Colleagues are empowered to take responsibility for their own businesses and to take action to deliver the best results for the people we support and for the business. The Group consults and discusses with employees, through meetings, internal publications and other written communications, on matters likely to affect employees' interests.

Section 172 Companies Act statement

The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain how they consider the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ("s172") when performing their duty to promote the success of the Company and Group under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the Company and Group. The Board welcomes the direction of the UK Financial Reporting Council. This S172 statement explains how the Group's directors:

- Have engaged with employees, suppliers, customers and others; and
- Have had regard to employee interests, the need to foster the Company's business relationships with suppliers, customers and other parties, and the effect of that on the principal decisions taken by the Company and Group during the financial period.

When making decisions, each Director ensures that they act in the way they consider to be in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard, among other matters, to:

S172(1) (A) "The likely consequences of any decision in the long term"
The Directors understand the business and the complex needs of the individuals we support. Consensus has a strong, clear purpose: supporting opportunity, choice and success. Our values show our determination to be the best and to do the best for the individuals we support, their families and the commissioners we work with. The long-term strategy of the Company and Group is to continue to grow via the development of our existing services, the development of new services in new locations and by acquisition.

The Directors recognise that whilst investing in the future they must continue to deliver current exceptional levels of care to the individuals we support and stay true to the Company and Group's values and this is evidenced through the good regulatory ratings previously mentioned in this report.

S172(1) (B) "The interests of the Company and Group's employees"
The Directors recognise that the Company and Group's employees are fundamental and core to its business. The success of the business depends on attracting, retaining and motivating employees. From ensuring that it is a responsible employer including fair pay and benefits, being mindful of employee wellbeing and health and safety, to providing and safeguarding a pleasant and professional workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

The Company keeps its staff informed of developments via Weekly Operations and Monthly Communications bulletins. We consult whenever appropriate with employees about changes to their roles in both team & one to one meetings. Additionally, there is a Company e-mail address which staff can use to seek advice and clarification on issues that may concern them.

Strategic report (continued)

For the year ended 31 March 2023

Section 172 Companies Act statement (Continued)

The Company and Group is dedicated to improving the performance and self-esteem of its staff in a way that directly improves the quality of life of the individuals it supports. To this end its Learning & Development team provides an extensive program of training. Our learning opportunities encompass e-learning, individual coaching and mentoring, apprenticeships and accredited courses.

In March 2023 the Company was accredited as a 'Great Place to Work' in recognition of its commitment and success in fostering the right culture in the workplace.

S172(1) (C) "The need to foster the Company's and Group's business relationships with suppliers, customers and others"

Delivering the Company's and Group's strategy requires strong mutually beneficial relationships with suppliers, local authorities, Clinical Commissioning Group's and other bodies. The Company and Group continuously assess the priorities related to those with whom they do business, and the directors engage with management of these topics, for example, within the context of business strategy and investment proposals.

S172(1) (D) "The impact of the Company and Group's operations on the community and the environment"
The Company and Group are proud to deliver a niche, high quality service. It considers that positive physical environments demonstrate its commitment to those who live in or otherwise access our services and see that such environments enable the individuals we support to live a meaningful, fulfilling life.

Single person and small group occupancy of high-quality accommodation is the standard living arrangement throughout all of the Group's services. Sufficient space within and around the services of those we support is a key environmental consideration, as is the opportunity to individualise the supported individuals own living space.

A wide range of locations of services, both rural and urban, allows the Company to consider each supported individual within its services and find a place for them that best matches their needs and wishes.

The impact on the community and wider environment is inherent in the Group's planning. As such, the Company and Group considers information on these topics to provide relevant information for specific Board decisions. The nature of our business does not generate excessive environmental issues but we are committed to ensuring that all new builds and all renovations and alterations to existing properties are made in the most environmentally appropriate manner.

The Group has a sustainability policy that covers all relevant aspects of its environmental, social and governance impact, and this will be developed further in the near future.

S172(1) (E) "The desirability of the Company and Group maintaining a reputation for high standards of business conduct"
The Company and Group are committed to delivering the highest levels of support to the individuals we support, to their families and to the commissioners it works with. We have robust policies and procedures in place, amongst these, safeguarding, health and safety and quality standards. We have a robust quality assurance framework to support the consistent delivery of high standards of support and our focus on providing the best quality of life for the people we support.

Strategic report (continued)

For the year ended 31 March 2023

Section 172 Companies Act statement (Continued)

Our approach to quality is deeply entrenched throughout the Group. Our Quality Director and Quality Team monitor and guide our services, raising issues and helping teams to remedy them quickly. They also support the identification of best practice across the organisation. Ultimately we're committed to running all our services efficiently, effectively and appropriately at all times, focused not just on the quality of support, but also the quality of the environment, the quality of our team and the quality of life for the supported individuals.

The Company and Group's services are registered with and are subject to regular inspection by external regulatory bodies. These are the Care Quality Commission (CQC) in respect of services based in England, Care inspectorate Wales for those based in Wales and the Care Inspectorate in Scotland. The small number of children's services in the Company/Group are regulated by the Office for Standards in Education (Ofsted) Social Care. We are relentless in our focus on quality and seek to improve our ratings for all services. Every service has an improvement plan, no matter what the rating, and our transparent and open approach means that we can identify issues quickly and address them. At March 2023 96% (2022: 94%) of our services were rated good or outstanding by the external regulators.

The Company and Group's Board members undertake frequent visits to services in order to understand how well they are being led, how effectively it is supporting the people who live there, and the support provided to Colleagues and managers. During such visits time is spent with Colleagues, Registered Managers and the people we support. and the condition of the environment is scrutinised. Such visibility and up to date knowledge of our services supports the Board's decision making alongside regular reporting both internally and from external parties such as Regulators.

S172(1) (F) "The need to act fairly between members of the Company and Group"
After considering all relevant factors, the Directors consider which course of action best enables the delivery of the Company's and the Group's strategy over the long-term, taking into consideration the impact on stakeholders. In doing so, the Directors act fairly between the Company and Group's members, but are not required to balance the Company and Group's interest with those of other stakeholders.

Future outlook

In a market with increasing demand for quality provision, the strategy of the Group is to continue to grow its portfolio both through acquisition and organic growth to meet the needs of the UK's most vulnerable adults. The Group seeks to acquire businesses that will complement its existing portfolio in terms of geographic location and service position. Diversifying its geography across the UK will be a key aim of the strategy and we remain committed to working in partnership with Local Authorities and Integrated Care Boards to ensure we offer value for money and quality services to meet local need.

Approved by the Board and signed on its behalf by:

P Keys
Director
30 June 2023

Directors' report

For the period ended 31 March 2023

The directors present their Annual Report and audited consolidated Financial Statements for the year ended 31 March 2023. The Company is registered in England and Wales under company number 12969264 and was registered on 22 October 2020. The Company's registered office is 3 The Courtyards, Phoenix Square, Wyncolls Road, Colchester, Essex CO4 9PE.

Disclosures, which have been included in the Strategic Report, include the principal activities of the company, review of business performance, engagement with suppliers and customers, key performance indicators and Future Outlook.

The directors have formed a judgement at the time of approving the financial statements that it is their expectation that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from date of signing the financial statements. For this reason, they continue to adopt the going concern basis in preparing the Group and Parent Company Financial Statements.

Directors

The directors who held office during the year and, where noted, to the date of this report were as follows:

I J Anderson	(resigned 20 April 2022)
C J Easteal	(resigned 9 September 2022)
J L Heathcote	
C L Heine	
P B S Keys	(appointed 4 April 2022)
F F McCelland	
E A Morgan	(resigned 31 July 2022)
D A Spruzen	(appointed 20 April 2022)

Dividends

The directors have not approved any dividends for the year ending 31 March 2023 and to the date of signing this report (2022: nil).

Employee Consultation and Disabled Employees

During the year, the policy of providing colleagues with information about the Group has continued through local meetings with line managers and also utilising internal media methods in which colleagues have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and colleagues to allow a free flow of information and ideas. All colleagues are made aware of financial and economic factors affecting the performance of the Group via the online information repository and the publication of our internal magazine, "All Together", three times a year.

Applications for employment by disabled persons are always fully considered. In the event of colleagues becoming disabled every effort is made to protect their employment and to put reasonably practicable measures in place quickly to support them. 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.

We employ a number of our supported individuals as quality checkers within the Group and have put in place structures and support networks to ensure they can both conduct this role effectively and enjoy doing the job as an active part of the Consensus Team.

Directors' report (continued)

For the period ended 31 March 2023

Directors' Qualifying Third Party Indemnity Provisions

The directors of the Group have the benefit of a directors' and officers' insurance policy which was made during the year and is in place at the date of this report and covers all subsidiary companies.

Charitable and Political Contributions

The Group has not made any charitable or political contributions during the year (2022: nil).

Financial Instruments

Notes 3, 15 and 16 to the Group Financial Statements contain disclosures relating to the use of financial instruments. The Group does not trade in financial instruments or use complex financial instruments (refer to Principal Risks and Uncertainties on page 5).

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Generally Accepted Accounting Standards and applicable law), 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 Company and of the profit or loss of the Company for that year.

In preparing these statements, the Directors are required to:

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

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

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

Directors' report (continued)

For the period ended 31 March 2023

Disclosure of Information to the Auditor

Each Director at the date of approval of this report confirms that:

- as far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- they have taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Streamlined Energy & Carbon Reporting (SECR)

Environmental Intentions

The Group recognises the global challenges presented by climate change and the part it has to play in reducing its impact upon the environment. We are committed to reducing our energy, water and fuel use, as well as waste.

Environmental Approach

The Group has a published ESG (Environmental, Social and Governance) policy and has communicated this across the Group. We continue to work with our teams to:

- increase staff awareness of environmental good practice.
- highlight opportunities for reduced environmental impact within our operations.
- identify further ways that progress can be made, targeting reduced consumption in our properties.

Environmental Impact Reporting

The Group's greenhouse gas emissions and energy consumption is reported in tonnes of carbon dioxide equivalent (tCO2e) and is broken down as follows (note to aid comparison the comparative figures are for the Group for the 12 months ending 31 March 2023 and therefore include a period prior to incorporation of the Company):

Type of emissions	Activity	2022/23 kWh '000	2021/22 kWh '000	2022/23 (tCO2e)	2021/22 (tCO2e)	YoY change %
Direct (Scope 1)	Services Gas	6,669	7,242	1,349	1,333	1.19
	Services Oil	39	39	98	123	-20.33
	Services LPG	15	31	23	48	-52.08
	Company Vehicle	1,610	2,041	387	514	-24.67
Energy Indirect (Scope 2)	Services Electricity	2,808	2,543	543	535	1.51
Energy Indirect (Scope 3)	Personal Vehicle	1,108	1,054	206	200	3.14
Total gross emissions (tCO2e)				**2,606**	**2,753**	**-5.34**
Total energy consumed (kWh '000)		**12,248**	**12,950**			

Intensity Metric

Number of employees (see note 8): 1,862 (2022: 1,859)

Directors' report (continued)

For the period ended 31 March 2023

Streamlined Energy & Carbon Reporting (SECR) (Continued)

Tonnes of CO_2e per employee: 1.41 (2022: 1.48)

Assessment Parameters

Reporting organisation: Consensus Group

Reporting period covered: 1 April 2022 to 31 March 2023 (12 months)

Organisational boundaries: All emissions which the Consensus Group has operational control

Methodology used: 2022 UK Government GHG Conversion Factors for Company Reporting

External verification: Supported by Energy Managers Association Lead Assessor

Overall the Group's total gross emissions (tCO_2e) have decreased 4.41% year on year. This is driven by Company and personal vehicle usage reducing when compared to the prior year.

As a socially responsible provider, the Group aims to utilise energy in an efficient manner by utilising technologies such as LED lighting, water temperature monitoring and video conferencing as appropriate.

Auditor

Pursuant to Section 487 of the Companies Act 2006, Deloitte LLP will be deemed to be reappointed and will therefore continue in office until further notice.

Approved by the Board and signed on its behalf by:

P Keys
Director
30 June 2023

Independent auditor's report

to the members of SSCP Pegasus Topco Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of SSCP Pegasus Topco Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the consolidated statement of income and statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report[1], other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this

Independent auditor's report (continued)

to the members of SSCP Pegasus Topco Limited

gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included Care Standards Act, Health and Social Care Act, Care Quality Commission, Employment law, Pension Act and GDPR.

Independent auditor's report (continued)

to the members of SSCP Pegasus Topco Limited

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it them are described below:

- Revenue recognition – We have identified the recording of revenue as a fraud risk. In addressing the risk we audited a sample of the agreements in place to ensure revenue has been recorded correctly, and also used expectation testing based on occupancy levels at the homes to generate expected revenue and compared this to the actual recorded income.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

Independent auditor's report (continued)

to the members of SSCP Pegasus Topco Limited

We have nothing to report in respect of these matters.

Use of our report

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

Matthew Hall

Matthew Hall FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom

Date: 30 June 2023

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March 2023

	Notes	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Turnover	3,4	76,704	67,116
Cost of sales		(44,984)	(40,533)
Gross profit		**31,720**	**26,583**
Administrative expenses		(29,424)	(25,118)
Other operating income	5	623	1,740
Operating profit	6	**2,919**	**3,205**
Interest payable and similar charges	9	(16,955)	(14,509)
Loss before taxation		**(14,036)**	**(11,304)**
Tax on loss	10	73	(1,837)
Loss for the financial period		**(13,963)**	**(13,141)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(13,963)**	**(13,141)**

All activities are classed as continuing activities.

The notes on pages 24 to 42 form part of these financial statements.

Consolidated statement of financial position

As at 31 March 2023

	Notes	31 March 2023 £000	31 March 2022 £000
Fixed assets			
Intangible assets	11	16,028	19,432
Tangible assets	12	151,160	150,154
		167,188	169,586
Current assets			
Debtors	14	6,814	6,949
Cash at bank and in hand		1,450	1,800
		8,264	8,749
Creditors: amounts falling due within one year	15	(14,271)	(10,969)
Net current liabilities		**(6,007)**	**(2,220)**
Total assets less current liabilities		**161,181**	**167,366**
Creditors: amounts falling due after more than one year	16	(174,428)	(166,827)
Provisions for liabilities and charges	18	(12,517)	(12,590)
Net liabilities		**(25,764)**	**(12,051)**
Capital and reserves			
Called up share capital	19	48	46
Share premium account	20	4,777	4,529
Profit and loss account		(30,589)	(16,626)
Shareholders' deficit		**(25,764)**	**(12,051)**

The notes on pages 24 to 42 form part of these financial statements.

The consolidated financial statements of the Group were approved by the Board and authorised for issue on 30 June 2023. They were signed on its behalf by:

P Keys

Director

Company registration no: 12969264

Consolidated statement of changes in equity

	Note	*Share capital £000*	*Share premium account £000*	*Profit and loss account £000*	*Total £000*
At 31 March 2021		**46**	**4,529**	**(3,485)**	**1,090**
Loss and total comprehensive expense for the year		-	-	(13,141)	(13,141)
At 31 March 2022	20	**46**	**4,529**	**(16,626)**	**(12,051)**
Issue of shares		2	248	-	250
Loss and total comprehensive expense for the year		-	-	(13,963)	(13,963)
At 31 March 2023		**48**	**4,777**	**(30,589)**	**(25,764)**

The notes on pages 24 to 42 form part of these financial statements.

Parent Company Statement of Financial Position

For the year ended 31 March 2023

	Notes	31 March 2023 £000	31 March 2022 £000
Fixed assets			
Investments	13	71,425	71,425
Current assets			
Debtors	14	300	50
Net current assets		300	50
Creditors: amounts falling due within one year		-	-
Creditors: amounts falling due after one year	16	(83,344)	(75,767)
Net liabilities		(11,619)	(4,292)
Capital and reserves			
Called up share capital	19	48	46
Share premium account		4,777	4,529
Profit and loss account		(16,444)	(8,867)
Shareholders' deficit		(11,619)	(4,292)

Parent Company Statement of Changes in Equity

For the year ended 31 March 2023

	Note	*Share capital £000*	*Share premium account £000*	*Profit & loss account £000*	*Total £000*
At 31 March 2021		**46**	**4,529**	**(1,980)**	**2,595**
Loss and total comprehensive expense for the year		-	-	(6,887)	(6,887)
At 31 March 2022		**46**	**4,529**	**(8,867)**	**(4,292)**
Issue of shares		**2**	**248**	**-**	**250**
Loss and total comprehensive expense for the year		-	-	(7,577)	(7,577)
At 31 March 2023	20	**48**	**4,777**	**(16,444)**	**(11,619)**

No profit and loss account is presented for SSCP Pegasus Topco Limited as permitted under section 408 of the Companies Act. The Company made a loss of £7,577k in the year representing accrued interest on preference shares.

The notes on pages 24 to 42 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 30 June 2023. They were signed on its behalf by:

P Keys
Director

Company registration no: 12969264

Consolidated statement of cash flows

for the year ended 31 March 2023

	Notes	*Year ended 31 March 2023*	*Year ended 31 March 2022*
		£000	***£000***
Cash flows from operating activities			
Operating profit		2,919	3,205
Adjustments for:			
Depreciation of tangible assets	12	5,049	5,066
Amortisation of intangible fixed assets	11	3,404	3,404
Loss on disposal of assets		5	10
Decrease / (Increase) in debtors		135	(2,926)
Increase in creditors		577	2,707
Corporation tax paid / (received)		776	(1,003)
Net cash flows from operating activities		12,865	10,463
Cash flows from investing activities			
Purchase of tangible fixed assets	12	(6,072)	(4,345)
Disposal of tangible fixed assets	12	12	1,317
Net cash flows from investing activities		(6,060)	(3,028)
Cash flows from financing activities			
Issue of ordinary shares		175	-
New secured loans		4,250	-
Repayment of loans		(2,250)	-
Repayments of obligations under finance leases		(349)	(392)
Interest paid		(8,981)	(8,918)
Net cash flows from financing activities		(7,155)	(9,310)
Net decrease in cash and cash equivalents		(350)	(1,875)
Cash and cash equivalents at the end of the period		1,450	1,800
Cash and cash equivalents comprise:			
Cash at bank and in hand		1,450	1,800

The notes on pages 24 to 42 form part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2023

1. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The financial statements are prepared in pounds sterling which is the functional currency of the Group and rounded to the nearest £'000.

The Group financial statements consolidate the financial statements of SSCP Pegasus Topco Limited and all its subsidiary undertakings drawn up to 31 March. The results of subsidiaries acquired or sold are consolidated for periods from or to the date on which control passed. The Company is a private limited company incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The Company is limited by shares. The address of its registered office is 3 The Courtyards, Phoenix Square, Wyncolls Road, Colchester, Essex CO4 9PE.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions as the Company meets the definition of a qualifying entity under FRS 102:

- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

Going concern

In determining the appropriate basis of preparation of the Annual Report and Financial Statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future, that is for at least 12 months from the date of signing this report.

The retained loss for the year is stated after charging goodwill amortisation of £3.4m, depreciation of £5.1m and interest accrued on preference shares of £7.6m, all of which are non-cash items. The Group also has incurred exceptional one-off costs of £2.9m in the year. The Directors acknowledge the current net liabilities position of the Group, which poses no immediate impact to the going concern status of the entity, due to the Group debt, namely the Bank loan and preference shares, not being repayable until 2027, therefore outside of the 12 month period. The Directors continue to monitor the situation in respect of the long term financing of the Group.

The net current liabilities of the Group at 31 March 2023 were £4.0m (2022: £2.2m). The Directors have approved the budget for the financial year ending 31 March 2024 as well as a longer term strategic plan which demonstrates continued profitable growth and positive cash generation. Analysis of forecasts, including downside scenarios, provide sufficient comfort that all covenants will be met for the forecast period.

Notes to the financial statements (continued)

for the year ended 31 March 2023

1. Basis of preparation (continued)

The Directors are of the opinion that the Group's cash flows from operations will continue to support the ongoing requirement to satisfy the Company's working capital requirements for twelve months from the date of approval and signing of these financial statements.. The Group's future development strategy will be funded from the £60m committed acquisition facility. To add an additional safety net the Group has access to a committed revolving credit facility of £7.0m provided by Barclays Bank. At the year end the Group had drawn £2million on these committed facilities.

Accordingly, after making enquiries, the Directors have formed a judgement at the time of approving the Financial Statements that it is their expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Group Financial Statements.

The amendments issued by the FRC in December 2020

The amendments enable the Group to reflect the effects of transitioning from LIBOR to SONIA without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group is exposed to LIBOR in its floating rate bank loans. Further information on the effects of interest rate benchmark reform can be found in note 17.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgement (apart from those involving estimates) has had the most significant effect on amounts recognised in the financial statements.

Key judgements made by the directors in preparation of these financial statements (and related areas of estimation uncertainty) are:

Useful economic life of goodwill

The annual amortisation charge for goodwill is sensitive to changes in the estimated useful economic life and residual values. The useful economic life and residual values are re-assessed annually. See note 11 for the carrying amount of intangible fixed assets and note 3 for the useful economic lives for each class of asset.

Key sources of estimation uncertainty

Carrying value of investment in subsidiaries

Investment in subsidiaries are tested for impairment whenever events or circumstances indicate that their carrying amounts might be impaired and at least annually. Such events and circumstances include the effects of restructuring initiated by management.

To determine whether intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which value have been allocated.

Notes to the financial statements (continued)

for the year ended 31 March 2023

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the net present value. Such calculations require judgement relating to the appropriate discount factors and long-term growth prevalent in a particular market as well as short and medium-term business plans. Management draw upon experience as well as external resources in making these judgements. The carrying amount at the Balance Sheet date and details of the assumptions described above can be found in note 13.

3. Principal accounting policies

Turnover

Turnover represents sales and services to third party customers in the health and social care sector, stated net of any applicable value added tax. Revenue is recognised when the services are provided, with any fee invoices in advance included within deferred income until the service is completed.

Goodwill and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised straight line to the profit and loss account over its estimated economic life, which is considered to be seven years. No adjustment was made to the carrying value of goodwill and intangible assets subsumed within goodwill were not separately recognised.

Goodwill is reviewed for impairment at the end of the first full financial period following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

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. 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 in deferred income.

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired business, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date as if the adjustment is probable and can be measured reliably.

Tangible fixed assets

Freehold property and buildings are fully equipped operational care homes, incorporating the land, buildings and any fixtures, fittings and equipment included with each care home.

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land and assets in the course of construction, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as per the table below.

Notes to the financial statements (continued)

for the year ended 31 March 2023

3. Principal accounting policies (continued)

Land and buildings	3% per annum (Reducing Balance)
Plant & machinery	20% per annum (Reducing Balance)
Motor vehicles	20% per annum (Reducing Balance)

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 Statement of comprehensive income.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the statement of comprehensive income over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the statement of financial position date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on a non-discounted basis.

Notes to the financial statements (continued)

for the year ended 31 March 2023

3. Principal accounting policies (continued)

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at the transaction price.

Pensions

The Group contributes to employees' individual personal pension plans. The pension plans are administered by the pension companies independently of the Group's finances. The contributions made by the Group are charged against the profits on an accruals basis. The level of contribution is decided by the Directors.

Financial Instruments

(i) Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Group 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 Group after deducting all of its 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 are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, 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.

(ii) Investments

Investments in subsidiaries are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Derivative financial instruments

The Group does not hold or issue derivative financial instruments for speculative purposes.

(iv) Fair value measurement

Notes to the financial statements (continued)

for the year ended 31 March 2023

3. Principal accounting policies (continued)

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Impairment loss is recognised when a difference arises between the asset's carrying amount and the best estimate of the recoverable value. The recoverable amount is the higher of its fair value less costs to sell and its value in use

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each statement of financial position date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

4. Turnover

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

5. Other operating income

	Year ended 31 March 2023	*Year ended 31 March 2022*
	£000	*£000*
Government grants received	623	1,740

Grants received relate to the UK Governments Covid pandemic support funding, namely the Adult Social Care Infection Control and Testing Fund, Infection Prevention and Control (IPC) funding, Adult Social Care Rapid Testing Fund, Adult Social Care Omicron Support Fund and the Workforce Capacity Fund for adult social care.

Notes to the financial statements (continued)

for the year ended 31 March 2023

6. Operating profit

This is stated after charging:

	Year ended 31 March 2023	*Year ended 31 March 2022*
	£000	*£000*
Depreciation of tangible fixed assets	5,049	5,066
Amortisation of goodwill	3,404	3,404
Loss on disposal of assets	5	10
Auditor's remuneration – auditing of financial statements	137	200
Operating lease rentals – land and buildings	169	131
Defined contribution pension cost	641	601

Auditor's remuneration charged in respect of Deloitte LLP amounted to £137,500 (2022: £200,000), comprising audit services. The audit fee in respect of the Parent Company financial statements amounted to £33,075 (2022: £32,500) which is borne by Consensus Support Services Limited. There were no amounts remunerated in respect of non-audit services to the auditor.

7. *Directors' remuneration*

	Year ended 31 March 2023	*Year ended 31 March 2022*
Directors' emoluments consist of:	*£000*	*£000*
Aggregate remuneration in respect of qualifying services:		
Payable to directors	688	497
Loss of Office	123	-
Payable to third parties	315	313
Company contributions payable to stakeholder pension schemes	18	11
	1,145	821

The emoluments of the highest paid Director were £226,905 (2022: £196,187), including company pension contributions of £9,470 (2022: £6,067) that were made to a defined contribution scheme on their behalf.

The number of Directors accruing benefits under the defined contribution scheme is one (2022: two).

The Directors receive their remuneration via Consensus Support Services Limited, a wholly owned subsidiary.

Certain other directors were paid for their services by the payment of a monitoring fee to Stirling Square Capital Partners Jersey AIFM Limited (a company affiliated to SSCP Concord Holdings SCA, the controlling party) by Consensus Support Services Limited, a wholly owned subsidiary.

Notes to the financial statements (continued)

for the year ended 31 March 2023

8. Employees

Staff costs were as follows:	*Year ended 31 March 2023 £000*	*Year ended 31 March 2022 £000*
Wages and salaries	41,079	37,106
Social security costs	3,264	2,826
Other pension costs	641	601
	44,984	40,533

The average monthly number of employees, including Directors, during the year was made up as follows:

	Year ended 31 March 2022 No.	*Year ended 31 March 2022 No.*
Care and support	1,657	1,637
Management and administration	205	222
	1,862	1,859

The Company does not have any employees (2022: nil) and therefore no charges arose (2022: £nil).

9. Interest payable and similar charges

	Year ended 31 March 2023 £000	*Year ended 31 March 2022 £000*
On bank loans	9,378	7,621
On preference shares	7,577	6,888
	16,955	14,509

10. Tax

	Year ended 31 March 2023 £000	*Year ended 31 March 2022 £000*
(a) Tax on loss The tax charge / (credit) is made up as follows:		
Current tax:		
UK corporation tax on loss for the year	-	-
Adjustments in respect of prior periods	-	(35)
Total current tax	-	(35)

Notes to the financial statements (continued)

for the year ended 31 March 2023

10. Tax (continued)

Deferred tax:		
Origination and reversal of timing differences (note 18)	786	(299)
Adjustments in respect of prior periods	(62)	(595)
Effect of tax rate change on opening balance	(797)	2,766
Total deferred tax	(73)	1,872
Tax on loss	(73)	1,837

(b) Factors affecting the tax (credit) / charge for the year

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	Year ended 31 March 2023	*Year ended 31 March 2022*
	£000	*£000*
Loss before tax	(14,036)	(11,304)
Loss multiplied by standard rate of corporation tax of 19% (2022: 19%)	(2,667)	(2,148)
Effects of:		
Expenses not deductible for tax purposes	2,155	1,993
Fixed asset differences	832	614
Deferred tax not recognised	-	10
Adjustments in respect of prior periods	-	(35)
Adjustments in respect of prior periods (deferred tax)	(62)	(595)
Remeasurement of deferred tax for changes in tax rates	(797)	3,058
Capital gains/ losses	466	(1,060)
Total tax for the year	(73)	1,837

(b) Factors that may affect the future tax charges

The Finance Act 2022, which was substantively enacted on 24 February 2022, included provisions to increase the current UK Corporation tax rate of 19% further to 25%, effective from 1 April 2023. This rate has been applied when calculating the deferred tax at both the current year end and prior year end where applicable amounts are to reverse during said period.

Notes to the financial statements (continued)

for the year ended 31 March 2023

11. Intangible fixed assets

Group	*Goodwill*
	£000
Cost:	
At 1 April 2022	23,829
At 31 March 2023	23,829
Amortisation:	
At 1 April 2022	(4,397)
Charge for the year	(3,404)
At 31 March 2023	(7,801)
Net book value:	
At 31 March 2022	19,432
At 31 March 2023	16,028

Goodwill arising on the acquisition of the Consensus Group companies by SSCP Pegasus Bidco Limited on 14 December 2020 is being amortised evenly over its presumed useful life of seven years, being the term of the Facility B Loan.

The amortisation charge for the year is included within administrative expenses in the profit and loss account.

Notes to the financial statements (continued)

for the year ended 31 March 2023

12. Tangible fixed assets (Continued)

Group	*Freehold Land and buildings* *£000*	*Plant and machinery* *£000*	*Motor vehicles* *£000*	*Total* *£000*
Cost:				
At 1 April 2022	153,132	1,907	1,811	156,850
Additions	4,784	872	416	6,072
Disposals	-	-	(64)	(64)
At 31 March 2023	157,916	2,779	2,163	162,858
Depreciation:				
At 1 April 2022	5,971	341	384	6,696
Charge for the year	4,415	337	297	5,049
Disposals	-	-	(47)	(47)
At 31 March 2023	10,386	678	634	11,698
Net book value:				
At 31 March 2022	147,161	1,566	1,427	150,154
At 31 March 2023	147,530	2,101	1,529	151,160

The net book value of assets held under finance leases or hire purchase contracts, included above in Motor Vehicles is £1,208k (2022: £1,227k).

13. Investments

Company	*Investment in subsidiaries* *£000*
Cost and net book value:#	
At 31 March 2022 and 2023	71,425

Subsidiary undertakings (100% owned):

Name	**Nature of Business**	**Company No**
SSCP Pegasus Holdco Limited	Holding company	12966584
SSCP Pegasus Midco Limited	Holding company	12966512
SSCP Pegasus Bidco Limited	Holding company	12947520
Consensus Group Holdings Limited	Holding company	12540112
Consensus Support Services Limited	Provision of care services	04081379
Consensus Community Support Limited	Provision of care services	06601967

Notes to the financial statements (continued)

for the year ended 31 March 2023

13. Investments (Continued)

Name	Nature of Business	Company No
Grove Care Partnership Limited	Contract management	04918627
Consensus 2013 Properties Limited	Property holding company	10389454
Lime Tree Housing Limited	Provision of accommodation services	070222335
Stanley Park Road (Developments) Limited	Provision of care services	09273947
Myriad Healthcare Holdings Limited	Dormant – s394A	09892549
Consensus Holdco Limited	Dormant – s394A	08587560
Consensus Newco Limited	Dormant – s394A	08587791
Consensus Properties 1 Limited	Dormant – s394A	11689392
Non-Core Bidco 3 Limited	Dormant – s394A	08583958
Consensus Henson Limited	Dormant – s394A	09553907
Consensus (2013) Limited	Dormant – s394A	08574447
Hatherley Grange Limited	Dormant – s394A	10390831
Kingarth Limited	Dormant – s394A	07198635
Willowbeech Limited	Dormant – s394A	06785885
Marshcall Limited	Dormant – s394A	06785879
Complete Community Support (East) Limited	Dormant – s394A	07047303

All of the above subsidiary companies have been included in the consolidated financial statements of the Group, all were incorporated in England and are all ordinary class of shares. All of the subsidiaries have their registered address at 3 The Courtyards, Phoenix Square, Wyncolls Road, Colchester, Essex, CO4 9PE. The only direct subsidiary held is SSCP Pegasus Holdco Limited, with the remainder being held indirectly.

On 1 January 2022 the Group undertook to simplify the company structure by transferring the trade and assets from various companies into either Consensus Support Services Limited or Consensus Community Support Limited. Following this transfer, the transferor company became dormant.

Where a dormant subsidiary has taken advantage of the s394A exemption from preparing individual accounts, the parent undertaking must disclose in the notes to the consolidated accounts that the company is exempt from the requirement to prepare individual accounts by virtue of this section.

Notes to the financial statements (continued)

for the year ended 31 March 2023

14. Debtors

Group

	31 March 2023 £000	31 March 2022 £000
Amounts falling due within one year:		
Trade debtors	5,618	4,574
Prepayments	263	234
Accrued income	808	741
Corporation tax	-	1,350
Other debtors	125	50
Total current debtors	6,814	6,949

Company	31 March 2023 £000	31 March 2022 £000
Amounts owed by group undertakings	175	-
Other debtors	125	50

15. Creditors: amounts falling due within one year

Group

	31 March 2023 £000	31 March 2022 £000
Interest-bearing loans and other borrowings	2,000	-
Trade creditors	3,071	2,577
Deferred income	1,416	1,297
Other taxes and social security costs	815	816
Pension	110	128
Obligations under finance lease and hire purchase contracts	295	337
Other creditors	1,615	2,123
Accruals	4,949	3,691
Total current creditors	14,271	10,969

Notes to the financial statements (continued)

for the year ended 31 March 2023

16. Creditors: amounts falling due after more than one year

Group

	31 March 2023 *£000*	*31 March 2022* *£000*
Obligations under finance lease and hire purchase	914	890
Interest-bearing loans and other borrowings	173,514	165,937
	174,428	166,827

Company

Preference shares (including accrued dividend)	83,344	75,767

17. Interest-bearing loans and other borrowings

Group

	31 March 2023 *£000*	*31 March 2022* *£000*
Interest-bearing loans and other borrowings comprise:		
Bank loans	92,170	90,169
Preference shares (including accrued dividend)	83,344	75,767
Obligations under finance leases and hire purchase contracts	1,209	1,227
	176,723	167,163

Borrowings are repayable as follows:

	Bank loans *£000*	*Preference shares* *£000*	*Finance leases* *£000*	*Total* *£000*
At 31 March 2023				
Between one and two years	-	-	241	241
Between two and five years	-	-	616	616
More than five years	90,170	83,344	57	173,571
	90,170	83,344	914	174,428
On demand or within one year	2,000	-	295	2,295
Total at 31 March 2023	92,170	83,344	1,209	176,723

Notes to the financial statements (continued)

for the year ended 31 March 2023

17. *Interest-bearing loans and other borrowings (Continued)*

At 31 March 2022				
Between one and two years	-	-	250	250
Between two and five years	-	-	579	579
More than five years	90,170	75,767	61	165,997
	90,170	75,767	890	166,827
On demand or within one year	-	-	337	337
Total at 31 March 2022	90,170	75,767	1,227	167,164

Bank loans

On 14 December 2020 a new funding structure was put in place whereby £90.2m was loaned to the Group by Barings Asset Management Limited as lead arranger.

During the prior year, the Group agreed to transition its LIBOR linked bank loans to compounding SONIA with an additional fixed spread added of 0.19 bps from 1 January 2022. No other terms were amended. The Group accounted for the change to SONIA using the practical expedient in FRS 102.11.20C, which allows the Group to change the basis for determining the contractual cash flows prospectively by revising the effective interest rate.

The Facility B bank loan accounts for all of the £90.2m and attracts an interest rate of SONIA plus 6.75% with no capital repayments until 14 December 2027 when the entire balance falls due.

Bank Loans (continued)

The Group has access to an acquisition loan facility of £60.0m provided by Barings Asset Management Limited on which it pays non usage fees of 2.00%. The Group had made no drawdowns against this facility in the period to 31 March 2023. When drawn, the acquisition loan facility will attract an interest rate of SONIA plus 6.75%. The Group also has a revolving credit facility of £7.0m from Barclays Bank PLC on which it pays non usage fees of 0.99%. At the year end, £2.0m has been drawn against the facility.

Preference shares

£66.9m of preference shares were subscribed for on 14 December 2020 as part of the acquisition to create the Group as it stands at the year end. The preference shares carry a dividend rate of 10% which accrues on each Preference share from day to day. To the extent that the Preference dividend is not paid, the amount of unpaid dividend compounds on the anniversary date. At 31 March 2023 the value of the accrued dividend was £16,444k (2022: £8,867k). Under the terms of Articles of Association and the Group's banking documents, Preference share dividends cannot be paid whilst the bank loans remain outstanding.

All creditors due after more than one year in the parent company related to preference shares.

Notes to the financial statements (continued)

for the year ended 31 March 2023

18. Deferred taxation

Deferred tax is calculated using to appropriate tax rates and there is no expiry on amounts held in deferred tax.

	2023	2022
	£000	£000
At 1 April	12,590	10,718
On acquisition of business	-	-
Deferred tax (credit) / debit during the year	(73)	1,872
At 31 March	12,517	12,590

	2023	2022
	£000	£000
The Group deferred tax balance is made up as follows:		
Fixed asset timing differences	3,764	2,963
Short term timing differences	(32)	-
Capital gains	9,280	9,917
Losses and other deductions	(495)	(290)
At 31 March	12,517	12,590

19. Issued share capital

	2023	2022
Allotted, called-up and fully paid	£000	£000
4,000,000 (2022: 4,000,000) Ordinary shares of £0.01 each	40	40
825,000 (2022: 575,000) Ordinary 'A' shares of £0.01 each	8	6
	48	46

Within the year the company issued 250,000 Ordinary 'A' shares of £0.01 each with a premium attached of £0.99 per share. Total proceeds of the issue were £175k.

Rights attaching to each class of shares are as follows:

Ordinary shares

Ordinary shares carry full voting rights, include a right to dividends (where such dividends are awarded) and are eligible for capital distributions.

Ordinary 'A' shares

'A' Ordinary shares carry full voting rights, include a right to dividends (where such dividends are awarded) and are eligible for capital distributions.

Notes to the financial statements (continued)

for the year ended 31 March 2023

20. Reserves

Share premium account

This includes any premiums received on issue of share capital. Any transaction costs associated with issuing of shares are deducted from share premium.

Profit and loss account

This includes all current period retained earnings from the date of incorporation to 31 March 2023.

21. Commitments under operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows for the Group:

	Land and buildings 2023	*Land and buildings 2022*
	£000	*£000*
Within one year	124	44
Between one and five years	607	2
	728	46

22. Pensions

The Group operates defined contribution schemes for which the cost to the Group for the period amounted to £641k (2022: £601k). At 31 March 2023 the Group owed £110k (2022: £128k) in respect of these schemes.

23. Transactions with directors

There were no transactions with directors in the year.

24. Capital commitments

At 31 March 2023 the Group has capital commitments as follows:

	2023	*2022*
	£000	*£000*
Contracted for but not provided in these financial statements	3,728	1,029

Notes to the financial statements (continued)

for the year ended 31 March 2023

25. Net debt reconciliation

	1 April 2022 £000	Cashflow £000	Other movement £000	31 March 2023 £000
Cash at bank and in hand	1,800	(350)	-	1,450
Bank loans	(90,169)	(2,000)	-	(92,169)
Preference shares	(75,767)	-	(7,577)	(83,344)
Finance leases	(1,227)	(349)	367	(1,209)
Net debt	(165,363)	(2,699)	(7,210)	(175,272)

26. Related party transactions

SSCP Pegasus Holdings SCA, a company incorporated in Luxembourg, has a holding of 3,994,358.25 Ordinary shares and 66,805,641.75 Preference shares in the Company. Interest accrued on the preference shares at 31 March 2023 is £16,444k (2022: £8,867k).

During the year an indirect subsidiary company, SSCP Pegasus Bidco Limited, was charged £315k (2022: £313k) for management services by Stirling Square Capital Partners Jersey AIFM Limited (a company affiliated to SSCP Pegasus Holdings SCA, the controlling party). At 31 March 2023 £79,623 (2022: £79,623) was payable in respect of these charges.

I J Anderson was a Director of the Company during the year. I J Anderson owns 5,642.75 Ordinary shares, 100,000 Ordinary 'A' shares and 94,358.25 Preference shares in the Company at 31 March 2022. Interest accrued on the preference shares at 31 March 2023 is £23k (2022: £13k).

D Spruzen is a Director of the Company. D Spruzen owns 210,000 (2022 nil) Ordinary 'A' shares in the Company.

P Keys is a Director of the Company. P Keys owns 200,000 (2022 nil) Ordinary 'A' shares in the Company.

C J Easteal was a Director of the Company and left during the year, C J Easteal currently has no shares in the company (2022: 100,000 Ordinary A Shares).

E A Morgan was a Director of the Company and left during the year, E A Morgan currently has no shares in the company (2022: 200,000 Ordinary A Shares).

Certain members of the senior management team own 25,000 (2022 75,000) Ordinary 'A' shares in the Company.

The Company has taken advantage of the exemption allowed by FRS 102 not to disclose any transactions with entities that are included in the consolidated financial statements of SSCP Pegasus Topco Limited because all of the subsidiaries were wholly-owned during the period.

Notes to the financial statements (continued)

for the year ended 31 March 2023

27. Ultimate parent undertaking and controlling party

The Company is the ultimate parent incorporated in England and Wales and owns outright 100% of the interests in its subsidiaries. The Company is also the parent undertaking of the largest and smallest group of undertakings for which the Group financial statements are produced and of which the Company is a member.

In the opinion of the Directors, SSCP Concord Holdings SCA, a company incorporated in Luxembourg, is deemed to be the ultimate parent undertaking. The directors consider funds managed by Stirling Square Capital Partners Jersey AIFM Limited to be the ultimate controlling parties.