

**Aspris Holdco Limited**

Registration Number: 13534635

*Annual Report and Consolidated Financial Statements*

For the period 28 July 2021 to 31 August 2022

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Aspris Holdco Limited

**Company Information**

**Registration number**

13534635

**Directors**

Oliver J Bevan  
Ryan Hallworth  
Ryan D Jervis  
Trevor M Torrington

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Woking,  
GU21 6HT

**Auditors**

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Thames Tower  
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RG1 1LX

**Principal Bankers**

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Level 12,  
1 Churchill Place  
London.  
E14 5HP

## Aspris Holdco Limited

### Strategic Report for the period to 31 August 2022

The Directors present their strategic report of the period from 28 July 2021 to 31 August 2022.

Throughout the document, references to the “Company” refer to Aspris Holdco Limited. References to the “Group” refer to Aspris Holdco Limited and its subsidiaries. All amounts are presented in GBP £m, unless otherwise stated.

#### Principal activity

The principal activity of the company is to act as an investment holding company.

The Group is a leading provider of specialist education and care services to young people in the UK. Educating and caring for a wide spectrum of specialist education and mental healthcare needs, including autism, learning difficulties, social, emotional and mental health conditions (SEMH). In addition, the Group provides specialist education and mental health services to young people and adults respectively across the Middle East. The Group operates via two primary divisions:

- The UK divisions provide education and residential care and assessment for children with specialist emotional and behavioural difficulties or autistic spectrum disorders.
- The Middle East divisions provide education to young people in the UAE, and mental healthcare and wellbeing services to adults and young people in UAE and KSA.

#### Business Review

##### **Development of the business**

The Company was incorporated on the 28 July 2021, and on the 31 August 2021 acquired 100% of the shareholding of Aspris Children’s Services Limited (“ACSL”) (previously named Priory Education Services Limited) through the 100% owned subsidiary Aspris Bidco Limited. These financial statements represent the results of the activities of the Company since incorporation, the activities of the Aspris group since the date of acquisition and the subsequent acquisitions and disposals described below. Prior to the acquisition of ACSL the Group did not have any trading or operations and so the metrics quoted below as part of the ‘Performance of the Business’ section are for the twelve months ending 31st August 2022.

On 28 January 2022 the wholly owned ACSL purchased 100% of the shareholding in SC Topco Limited. From this date the consolidated results and activities of SC Topco Limited (‘Sandcastle Care’) are represented in these financial statements.

On 31 March 2022 ACSL acquired 100% of the shareholding in Hollyblue Healthcare (Arden) limited, latterly renamed Aspris (Arden) Limited. From this date the results and activities of this acquired entity are represented in these financial statements. Please see note 17 to the financial statements for additional information on the above business combinations completed during the period.

In addition to the Group’s primary focus of providing high quality education and care to all those within its services, the Group has also been focused on the successful completion of the following key developments:

- Separation from the Priory Group of companies. Whilst the operations of ACSL were largely autonomous from those of the wider Priory Group, Aspris was the recipient of central support services provided to it by the Priory Group. These services continued under a transitional services arrangement agreed at the time of the Group’s acquisition of ACSL. This transitional stage included the implementation of Aspris’ own standalone systems and support infrastructure, the process of which was completed by 1<sup>st</sup> January 2023, with all services received under this transitional arrangement ceased to be provided from that date.

## Aspris Holdco Limited

### Strategic Report for the period to 31 August 2022 (continued)

#### Business Review (continued)

##### **Development of the business (continued)**

- Acquisition and integration of Sandcastle Care into the Aspris Group. Sandcastle Care provides residential care places for over 100 young people, primarily in the North West of the UK. These services are similar in nature to those already provided by the Group. The integration and incorporation of this business into the Group has been a focus for members of the management team during the period.
- Review of Group strategy and long-term plan. Following the successful separation from Priory Group, the Group has undertaken a broad review of the key strategic direction and objectives of the business. The completion of this process provides the overarching framework within which the business is managed and directed by the Board and senior management.
- Continued expansion of our Middle East operations. Since establishing a presence in the UAE in 2017, ACSL has steadily grown the provision of services in the region to cater for the education and care needs of both young people and adults, including geographic expansion into KSA. Whilst the Middle East division remains small relative to the primary UK operations (please refer to note 4 to the financial statements for the split of revenue for the period ending 31 August 2022), the region represents a central part of the Group's development strategy.

##### **Performance of the Business**

The key financial and non-financial performance indicators during the period were as follows:

Key KPIs	2022
Turnover	£179.2m
Operating profit before Impairment losses and Exceptional costs	£23.1m
Quality	83.2%
Capacity	1,910
Occupancy	1,660
Occupancy %	86.9%
Annual Growth in Middle East patient appointments	51.1%

##### Notes:

1. Operating profit measure of £23.1m is equal to the Group's Operating loss £4.7m stated before Exceptional costs of £7.8m, Impairment losses of £19.7m and Other losses of £0.3m
2. Quality, Capacity and Occupancy metrics relate to the UK business only, unless stated
3. Capacity and Occupancy quoted are averages for the period on a non-proforma basis, with dual placements included as a single unit of capacity and occupancy

## Aspris Holdco Limited

### Strategic Report for the period to 31 August 2022 (continued)

#### Business Review (continued)

##### **Quality of our services**

A primary indicator of the Group's performance is the level of Quality of the services we provide to those in our care.

Regulatory requirements differ across the Group, though the vast majority of our UK services are regulated by the Office for Standards in Education, Children's Services and Skills ('Ofsted'), and in Scotland and Wales by their local equivalent. All schools and children's homes must be licensed, and the relevant regulators award quality ratings to each service. In Abu Dhabi, the school operated by the Group is regulated by the Abu Dhabi Department of Education and Knowledge ('ADEK') but is also subject to British School Overseas inspections. In addition, a limited number of our services are also regulated the Care Quality Commission ('CQC') in England, and, in Scotland, Wales, Northern Ireland, and the Middle East, by the local equivalent.

Within the UK the Group achieved an average % of facilities rated as Good or above by their respective regulators of 83.2%. This is above the national benchmark level published by Ofsted but is below where the business' objectives are in this area. The provision of the best quality service is a key priority and the business is focused on continuous improvement in this area, supported by increased investment in our support functions that directly or indirectly support the quality of our services.

Within the Middle East, the Group's specialist education operations in Abu Dhabi (the first dedicated autism school in Abu Dhabi for Emirati students in partnership with ADEK) underwent the first major inspection of a dedicated autism school in the region. The outcome of this inspection was formally announced on 1<sup>st</sup> November 2022, with the school achieving an Outstanding rating across all areas. This further demonstrates the Group's established delivery of exceptional level specialist education services beyond the Group's primary UK market.

##### **Results for the period**

The Group delivered high quality services to meet the needs of a wide spectrum of young people, families, Local Authorities and communities across the UK and Middle East. With an average number of 1,660 young people using our services in the UK during the period and 180 young people in the Middle East. In addition, the volume of outpatient appointments in our Middle East Wellbeing centres increased by 51.1% vs the equivalent prior period, driven partly by the opening of two new centres in Abu Dhabi and Saudi Arabia.

The results for the year are set out in the consolidated Income Statement on page 26 and the financial position of the Group as at 31 August 2022 is set out in the consolidated Statement of Financial Position on page 28. Group revenue for the year was £179.2m and Operating profit before exceptional costs, impairment loss and other losses was £23.1m, which represents an operating margin of 12.9% of revenue. Key factors of the operating profitability of the business include the number of service users in our facilities, the availability and cost of staffing and the cost of associated non-wage costs required to support the young people and our operations more generally.

The Group's net loss for the period was £27.1m, which was after charging £19.7m impairment to goodwill relating to the Sandcastle division, and after £7.8m of exceptional costs, these primarily relate to the costs incurred in relation to the corporate transactions undertaken and outlined above and in note 17. Further details of these exceptional charges and impairment are given in notes 10 and 15 to the financial statements.

The Group's financial position and underlying operating cash generation is positive, with net assets of £92.0m at the close of the period and net cash flow from operating activities during the period of £34.2m.

## Aspris Holdco Limited

### Strategic Report for the period to 31 August 2022 (continued)

#### Business Review (continued)

##### **Results for the period (continued)**

The largest component of our cost base is the wages and related oncosts of our staff, which represents 67% of operating costs.

Staff are our primary resource and the Group prioritises the wellbeing, retention and recruitment of our workforce. This includes increased investment in staff wages, but also in a range of measures designed to increase staff wellbeing and engagement.

Staff shortages have been a feature of the reporting period, with a small number of our available residential places being offline due to these constraints. Despite these factors the financial performance of the Group was inline with the original business plan supporting the acquisition of ACSL.

##### Future developments and strategy

Management consider the Group to be in a good position to expand the provision of its services in both the UK and Middle East. Building on its existing high quality provision and strong reputation within each region to provide essential services to a greater number of people in the communities that it serves.

The Group strategy prioritises the improvement of quality and utilisation across all our existing facilities, in parallel with continuing to expand the specialist education aspects of the business. With the planned opening of new education capacity at existing and newly identified sites, being complemented by the targeted and selective acquisition of existing specialist education providers.

Following the close of the reporting period, and consistent with this strategy, the Group completed the acquisition of a specialist education provider in the UK, BHIS Holdings Limited. The acquired business, and its wholly owned subsidiaries, provide specialist education for up to approximately 100 primary and secondary school aged young people in the East of England. To support this acquisition, and the Group's broader growth objectives, the Group entered into an extension of its available external debt facilities with its existing lenders. This new growth facility was agreed and effective from 8 February 2023.

In addition, after the close of the reporting period the Group completed a reorganisation of its UK operations. This reorganisation is aimed at improving and strengthening the management structure to increase focus on delivering on the Group's objectives for all aspects of our services, including optimising staffing, and thereby improving utilisation across our portfolio, by increasing transparency and management communication through all levels of the business.

In the Middle East, the Group is growing via the maturing of its recently opened Wellbeing Centres and via wider opportunities to expand the education offering across region. In KSA the Group opened a Wellbeing Centre in Riyadh through its joint venture with a local partner that was entered into in 2020. The Group continues to view current and future local partnerships in the region as a key avenue for growth.

## Aspris Holdco Limited

### Strategic Report for the period to 31 August 2022 (continued)

#### Principal Risks and Uncertainties

The Group can be impacted by a range of external factors. The principal factors are the availability and retention of the appropriate number of trained and qualified staff, the macro-economic environment resulting in increased inflation and increased interest rates, changes in the UK government's policy towards the funding of specialist education and care, changes in the regulatory regime, competitive threats from other providers and the loss of key individuals. The following are the most significant risks and uncertainties facing the Group.

#### **Failure to comply with regulation and increased regulatory costs**

All of the Group's services are subject to a high level of regulation by various regulatory bodies. Laws and regulations are evolving within the sector (and may be introduced in the future) that could impose increased costs on the Group's operations. The Group is unable to predict the content of new legislation and/or regulations and their effect on its business.

Inspections by regulators are carried out on both an announced and unannounced basis, dependent on the specific regulatory provisions relating to different care or education services. The failure to comply with relevant regulations, that therefore leads to the determination of regulatory non-compliance, or the failure of the Group to cure any defect noted in an inspection report could result in the revocation or imposition of conditions on the registration of any service or a decrease in or cessation of, services provided by the Group at one or more of its facilities.

To mitigate these risks, the quality of care is monitored by an experienced team and through the establishment of robust policies and procedures. The team are independent of the operating divisions and report directly to the Board. Homes are regularly audited by the team to ensure compliance with care standards and action plans are drawn up in appropriate cases. Risks also mitigated by investing in the legal and compliance team, and in recruitment and training. Where changes in legislation can be predicted, the Group models the impact the changes will have in advance of the legislation being implemented.

#### **Employees**

The Group's performance depends on its operational staff at our schools and residential homes. The managers of our facilities, and their respective site teams, are essential for the provision of our services. The loss of key individuals and the inability to recruit people with the right experience and skills from the local community could adversely impact the Group's results.

The relevant labour markets for certain of our services have become more challenging over the reporting period and may continue to be challenging, or become more so, in the future. This may lead to an increase in the number of staff vacancies across the Group and therefore restrict the proportion of our capacity that can be fully operational and/or slow future growth prospects. Whilst the challenges have been less evident in the Education portion of the business, as compared to the residential aspects of our services, it has nevertheless been a factor across the Group.

To mitigate these issues the Group has implemented a wide range of measures to enhance both our recruitment and retention of staff. These initiatives are led by dedicated senior management from our Human Resources department, along with our Learning and Development function, and are targeted at improving overall employee welfare and to ensure our staff offering, both financial and non-financial, is competitive within the markets in which we operate.

Specifically, regarding staff pay, the Directors take steps to ensure competitive salary levels across the Group and have sought to increase across salaries across the Group during the period to aid retention and recruitment, with specific consideration to the cost-of-living increases on all staff caused by the macro-economic environment.

However, there is a risk that these salary levels are not sufficient to improve the Group's staff metrics and therefore further constraints on our services due to staff shortages may be possible.



## Aspris Holdco Limited

### Strategic Report for the period to 31 August 2022 (continued)

#### Principal Risks and Uncertainties (continued)

##### **Non-Wage supplies and cost inflation**

In addition to workforce remuneration, the Group also incurs costs on a range of supplies, including food, education supplies, energy/utilities and rental expenses. The current macro-economic backdrop places increasing pressure on the availability and cost of certain key supplies.

With energy, and other bulk product supply, challenges across Europe driving higher inflation levels than in previous years there is increased price pressure on the Group's cost base. There is a risk that these costs increase further and, whilst they are a minority of the Group's cost base, increases could still be material.

In addition, there is a risk that certain supplies will take longer to source and therefore substitute products may need to be found, there is a risk this could cause disruption to our services and that alternative supplies may be more costly than those supplies which they replace.

In addition, certain supplies, such as food, are sourced from a low number of major national suppliers and therefore there may be a risk that disruption of service at one supplier, or price changes by those suppliers, could have an impact on the Group.

To mitigate these areas the Group has a dedicated procurement function focused on optimising our sources, costs of and security of supply. The Group engages on a regular basis with all our key suppliers to ensure effective management of these risks. In addition, the Group seeks to agree pricing and security of supply on a forward basis where possible and appropriate, for example on our energy supplies, to increase visibility over cost and reduce supply side risks. Management of these risks include maintaining relationships with secondary source supplies to ensure options are available to mitigate disruptions in supply from a particular provider.

##### **Loss of revenue from contracts with UK local authorities**

A substantial proportion of the Group's UK revenue derives from publicly funded Local Authorities. The Group expects to continue to rely on the ability and willingness of these bodies to pay for the Group's services. Whilst there is an obligation for Local Authorities to fund the provision of such services to young people there is a risk that either budget constraints or other financial pressures could cause such publicly funded bodies to allocate less money to the types of service that the Group provides, or that political change or policy changes mean that fewer services are contracted from independent sector providers.

In addition, there is a risk that these Local Authorities are not able to meet the increased costs of us viably providing services at certain facilities, due to the above-mentioned cost pressures.

To mitigate these risks the Group regularly assesses services provided to ensure they represent value for money and where necessary repositions services to align with demand. Through the Group's dedicated Bidding and Commissioning team, and other members of our senior management team, the Group engages in regular communication with our Local Authorities customers to ensure there is clear and open dialogue with our key customers.

## Aspris Holdco Limited

### Strategic Report for the period to 31 August 2022 (continued)

#### Principal Risks and Uncertainties (continued)

##### **IT security and Data Protection**

The Group's IT infrastructure is an integral part of its operating capability. This infrastructure provides connectivity, hardware and software applications to all of our facilities and central functions. Furthermore, the Group holds large volumes of sensitive data, a portion of which resides within our IT environment.

There is a risk that the systems or applications fail or are subject to a security breach that temporarily prevents their use and therefore impacts our services. In addition, such an event may compromise sensitive data held within the Group relating to its customers, which could expose the Group to further liability due to such a breach.

The Group invests significantly in meeting these potential risks. With a dedicated IT department reasonable for the IT environment and security, complimented by external expert advice and services procured to enhance key aspects of Data Protection and Cyber security.

##### **Impact from the risks related to the Covid-19 pandemic**

The global outbreak of COVID-19 in 2020 represented a significant source of uncertainty within the wider macroeconomic environment, including the sectors in which the Group operates. Disruption was experienced by most sectors, and the Group's services were not immune to these impacts.

Given the nature of our services the Group continued to operate its full service provision, with all schools and homes remaining open in the UK, and our Middle East Wellbeing centres moving successfully to an online appointment based model. The teams across the Group performed with outstanding professionalism to ensure we continued to deliver essential education and care to all those that rely on our services.

Whilst there were notable staff absences due to self-isolation, and the resulting operational challenges, the long term financial impact on the Group was not significant, and with the exception of the longer term constraints that have impacted the general labour market referenced above, the Group is currently not impacted by the pandemic.

The Directors believe any further similar outbreak would be met with a similar successful response, but there is a risk that a new Covid variant, or other pandemic, may have a greater impact on the Group's ability to provide its services.

To mitigate this the Group has clear and robust infection control policies, including contingency planning for staffing in the event of a further outbreak.

## Aspris Holdco Limited

### Strategic Report for the period to 31 August 2022 (continued)

#### Principal Risks and Uncertainties (continued)

##### Financial risk management

The Group is exposed to financial risks in the form of credit, interest and liquidity risks which arise in the normal course of business. The primary financial risks that the Group is exposed to are noted below, for further detail on these financial risks please see note 27.

##### **Credit risk**

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

Credit risk is not considered to be significant given that over 90% of revenue is derived from publicly funded entities, and payment is taken in advance or at time of treatment for privately funded healthcare services at our Wellbeing centres.

##### **Interest rate risk**

The Group is financed by a combination of Senior and Revolving external credit facilities. All the external debt of the Group contains a variable element which is linked to the Sterling Overnight Index Average, published by the Bank of England. Senior loans are repayable on 31 August 2028, and Revolving facilities are repayable on 31 August 2026.

The Group regularly reviews the options available to it for the hedging of interest rate risk, but currently does not have a hedged component to the interest burden on its external debt. In light of prevailing market conditions, and the high cost of hedging instruments, the Directors believe the Group has sufficient capacity to address the risk of interest rate rises.

##### **Liquidity risk**

The Group prepares annual and monthly cash flow forecasts reflecting known commitments and anticipated projects. The Group has sufficient available facilities and cash flows from profits to fund current commitments. The Group has access to a Revolving Credit Facility that is available to support the Group's operational liquidity requirements at the signing of the financial statements the majority of this Revolving Credit Facility was undrawn.

## Aspris Holdco Limited

### Strategic Report for the period to 31 August 2022 (continued)

#### Section 172(1) statement

The following Section 172 statement, which is required by the Companies Act 2006, describes how the Directors have had regard to the matters set out in s172 (1a to 1f) including key decisions and matters that are of strategic importance to the Group. The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term.

We aim to pursue an open and transparent dialogue with our key stakeholders in order to develop a clear understanding of their needs, assess their perspectives and monitor their impact on our strategic objectives. As part of the Board's decision-making process, the Directors consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Group's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

#### **Key stakeholders**

Our key stakeholders are our service users (and their families), our workforce, our regulators and our investors and lenders. Our commissioners, suppliers, and the communities we operate within are also important stakeholder groups. All key Board decisions take into account the impact on the relevant stakeholder groups, as follows:

#### **Service users and their families**

The Group provides specialist education, care and mental health services to a wide range of young people in the UK, and to young people and adults in the Middle East. Those to whom services are provided, and their families, are fundamental to every aspect of the Group's operations and objectives. The Directors monitor the quality of service provision to ensure the highest levels of care are provided by a highly skilled and well equipped workforce. In addition, the Directors monitor the condition and appropriateness of the environment across the Group's facilities to ensure the physical environment in which services are provided are appropriately configured and maintained to the high standards required for leading education and care provision. Feedback is received directly through our operational teams, who interact directly with service users and their families, and through multiple channels of communication to senior management to ensure issues can be raised and escalated outside of any specific care team or facility. The directors are committed to open communication and transparency regarding all aspects of our service delivery, and ensuring the Group's operations deliver service provision to meet the specific needs of each individual service user.

#### **Workforce**

Our workforce is key to providing safe and effective care to those whom we support. The Group employs a wide array of specialist education and care professionals and engagement with those employees is paramount. The Directors monitor the results of staff surveys, both regular and ad hoc, together with the Group's system of employee forums which occur at local, regional and national level, meaning the Board is able to discuss human resourcing matters with the interests of its workforce at heart. An example of actions taken in response to the feedback generated through these channels is the articulation of tailored career pathways available to all Group employees. Annual salary reviews are undertaken with reference to the importance of colleague retention, changes in the National Living Wage, and commercial factors. The Directors are committed to communicating the results of any wage reviews in a transparent manner. Further information in respect of employees is set out on the Directors' report.

#### **Investors**

Our shareholders register consists of a majority shareholders, Standbyco 35 B.V. who are wholly owned by Waterland Private Equity Investments B.V., and a number of minority shareholders which includes our largest single landlord (Medical Properties Trust) and various members of the Group's management team. The Board engages regularly with its major shareholders in order to, inter alia, develop long-term and short-term business strategy, decide upon resource allocation and consider key business risks. This includes regular reporting to both Waterland Private Equity and Medical Properties Trust to ensure clear alignment and transparency over Group performance and direction.

## Aspris Holdco Limited

### Strategic Report for the period to 31 August 2022 (continued)

#### Section 172(1) statement (continued)

##### **Regulators**

We are subject to a high degree of regulation, particularly in relation to the registration and ongoing inspection of our services. The “business review” section above outlines the key regulatory bodies. Results of inspections and more general reports made by the regulators are discussed by the Board where appropriate, and ongoing dialogue is maintained in order to respond with agility to emerging areas of focus. Some of our regulators also have responsibility for monitoring the ongoing financial viability of our business – senior management meet with the regulators periodically to engage in this process. Staff bonuses schemes at all levels of the organisation are at least partly linked to the outcomes of internal and external quality metrics.

##### **Customers**

The majority of our revenue is generated from the provision of services to Local Authorities and other public bodies, with a minority of revenues generated from private funding. In all cases it is important that we evolve our service provision to satisfy local demand (the needs of which can change over time), meet changing education and care criteria and provide such services at the right time and place at an appropriate cost. Communication with customers is ongoing both locally and nationally, and the Board will consider the requirements of customers when allocating resources for new or amended service offerings, and agreeing a general approach to funding.

##### **Suppliers**

*We aim to treat our suppliers fairly and work in partnership with them as they provide essential goods and services to the Group.* It is our policy to adhere to agreed credit terms. We maintain strong supplier relationships across our supply chains, led by the Group’s dedicated procurement function. Our key suppliers also includes our contracted workforce, agency workers and related staffing agencies in the teaching and care professions, who play an essential role in delivering quality services. For all supplies we engage in transparent and robust tendering and onboarding processes to deliver fair and sustainable outcomes for suppliers and for the Group.

##### **Communities**

The Group operates nationally and many of our facilities are embedded within the wider community. It is therefore important that the impact of our operations on the communities we operate in are taken into consideration. We are also cognisant of the need to consider the overall environment when contracting with suppliers, or considering any significant development projects, for example.

##### **Principal decisions**

The Group defines principal decisions as those that are material, or of strategic importance to the Group, and also those that have a significant impact on any of our key stakeholder groups. By way of example, a selection of principal decisions taken by the Board during the year is set out below, highlighting the primary stakeholder groups affected and some of the considerations taken into account in reaching those principal decisions.

##### **Approval of the 2022/23 budget**

The Board approved, prior to the start of the new financial and academic year, the final budget for the twelve months ending 31st August 2023. The budget includes forecasts for each existing facility as well as central functions in order to arrive at an aggregated business plan. The key stakeholder groups affected are our investors and our workforce. Some of the key considerations taken into account included the balance of delivering ever greater quality of services, improved staff retention and growth of our services to service a greater number of people.

## Aspris Holdco Limited

### Strategic Report for the period to 31 August 2022 (continued)

#### Section 172(1) statement (continued)

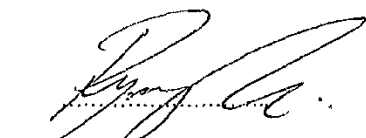
##### **Facility refurbishments, expansions and service changes**

As part of the 2022/23 budget, and looking ahead into the medium term, the Board approved a number of significant capital expenditure projects in order to refurbish and/or expand existing facilities, retool locations to better reflect demand for services and consider selective additional property acquisitions to expand certain service lines. The key stakeholder groups affected are our investors, our commissioners and current and future service users. Some of the key considerations taken into account included the likely return on investment of such projects, the ability of a project to meet the requirements of commissioners in providing a particular service, and our ability to safely and effectively operate the service.

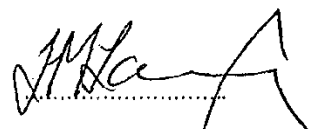
##### **Anti-corruption and anti-bribery matters**

The Group has an established and Robust Anti-Bribery and Corruption processes and controls in place. These are supported by an internal audit function that has the mandate to perform announced and unannounced inspections and investigation into any transactions occurring at a local, regional or group level.

Approved by the Board and signed on its behalf by:



Ryan D Jervis  
Director



Trevor M Torrington  
Director

The Forge,  
43 Church Street West,  
Woking,  
GU21 6HT

21 March 2023

## Aspris Holdco Limited

### Directors' Report for the period ended 31 August 2022

The Directors present their report and the consolidated financial statements for the period from 28 July 2021 to 31 August 2022.

#### Incorporation

The Company was incorporated in England and Wales and commenced trading on 28 July 2021.

The consolidated financial statements have been prepared in accordance with International financial Reporting Standards ("IFRS") and the IFRS Interpretations Committee ("IFRS IC") interpretations as adopted by the UK.

*This report should be read in conjunction with the strategic report from page 4. The Group has chosen in accordance with Section 414C (2) of the Companies Act 2006 to set out in the strategic report the following which the Directors believe to be of strategic importance:*

- Business review;
- Future development and strategy;
- Principal risk and uncertainties; and
- Financial risk management.

#### Directors of the Group

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

Oliver J Bevan (appointed 28 July 2021)

Ryan Hallworth (appointed 28 July 2021)

Ryan D Jervis (Appointed 31 August 2021)

Trevor M Torrington (Appointed 31 August 2021)

#### Dividends

The Board has not recommended a dividend for the reporting period and has no current plan to do so.

## Aspris Holdco Limited

### Directors' Report for the Period ended 31 August 2022 (continued)

#### Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK adopted International Financial Reporting Standards (IFRSs). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK adopted International Financial Reporting Standards (IFRSs) 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 company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Corporate governance

The Group has robust Governance and oversight of all aspects of the business:

- The Board meet at least six times per annum and are responsible for the overall management and direction of all aspects of the Group.
- The Executive Committee, which is Chaired by the Chief Executive Officer and includes senior management from across all aspects of the business, meets monthly and are the primary executive team for the execution and governance of the day to day running of the Group.
- Quality and Compliance committee, which is Chaired by the Director of Governance and includes senior operational and function leads directly related to education and care quality, meets monthly and is the senior oversight of operational quality and risk.
- Performance and Commercial Review committee, which is Chaired jointly by the Chief Executive Officer and the Chief Financial Officer, meets monthly and is the senior oversight of the financial and commercial performance of the business.
- Independent inspections, in line with the relevant legislation (regulation 44 of The Children's Homes (England) Regulations 2015)) the Group has a rolling programme of independent inspections that report into the Executive committee and above quality committee. These provide independent oversight over the quality delivery of appropriate and compliant education and care services.



## Aspris Holdco Limited

### Directors' Report for the Period ended 31 August 2022 (continued)

#### Going concern

The Board reviews forecasts of the Group's projected trading and associated liquidity requirements based on a range of scenarios to ensure it has sufficient cash to meet its operational and financial needs. These forecasts are underpinned by detailed and embedded forecasting processes and procedures to provide granular visibility over both the near term and long-term liquidity requirements of the Group, to inform the Directors decision making on all key financial matters. The Directors consider both short term and long-term forecasts for the business, ranging from rolling three-month daily liquidity forecasting, annual budget and periodic intra year reforecasting processes, and longer term 3 year long range plans for the Group. Each of these projects the liquidity and covenant headroom for the Group.

The Group made a loss before tax of £27.4m for the period ended 31 August 2022, this loss in the current period is driven by the non-cash impairment of goodwill (see note 15) of £19.7m and exceptional costs of £7.8m, excluding these items the Group made a loss of £0.1m and an operating profit of £23.1m. The Group is forecast to make an operating profit during the going concern period. The Group generates sufficient cash to cover its liabilities and surplus balances are held as cash reserves to invest in the Group and support the business in future periods. At 31 August 2022 the Group had debt of £165.0m due to its external lenders and finance lease liabilities of £160.5m. No loans were due to our shareholders.

These considerations include the availability of committed, but undrawn, debt facilities that are available to the Group to support general corporate and working capital purposes. As at 31<sup>st</sup> August 2022 these available but undrawn facilities were £19.7m

The Directors assessment of going concern considers three primary areas:

#### **1. Key fundamental business factors**

The Group's primary business, and majority of the Group's revenues and cashflows, is generated via the provision of services with specific characteristics that are key in considering downside risk:

##### *Provision of essential services*

The group provides essential education and care services to meet the needs of a wide spectrum of young people in our society. The demand for these services has increased over the last decade and continues to do so across the country. Certain service areas are stated as a Governmental priority, hence funding is ringfenced for many of the areas the Group provides.

##### *Diversified payor base with low credit risk across the significant majority of the Group*

The majority of the Group's revenues and cashflows are generated from customers that are publicly funded. This Payor includes over 180 Local Authority customers across England, Wales and Scotland. In the majority of case each LA services and fees are provided on bespoke commercial terms and paid for separately by each customer, significantly reducing the customer concentration risk.

##### *Established position as a trusted provider*

The Group is one of the leading providers of such services in the UK. The Group holds long standing relationships, often held at both operational and management levels, with its individual customers. The Group has consistently delivered above national benchmarks for quality service provision and continues to place, as a priority, the provision of the highest quality care to meet the needs of everyone it serves.

##### *Strength, depth and experience of the Group's management team and infrastructure*

Over many years the Group has developed, and invested in, the strength and experience of its workforce and management team. These factors enable the nationwide provision of our services to be managed within a rigorous risk management framework, to respond to risks as they arise.

## Aspris Holdco Limited

### Directors' Report for the Period ended 31 August 2022 (continued)

#### Going concern (continued)

##### *Versatility of skills to meet demand changes*

The skills embedded in our workforce, and the nature of many of our facilities, are such that we can be responsive to changes in the needs and demands of the people we care for, their funders and regulators. This agility reduces the time taken to adapt the Group to best address its core markets.

##### *Cash flow visibility*

The majority of young people in the UK that we care for remain within our services for more than a year, and the payment value and timing for the related services are largely defined at the outset of each placement. These factors provide a base for good visibility over core trading performance and the working capital requirements of the business. Thereby leading to good levels of cash flow visibility over the near to medium term.

#### **2. Assessment of the principal risks and Impact of a severe but plausible downside scenario**

In assessing the potential impact of a range of risk factors on the business the Directors have considered the likely impact on the Group of a range of risks specific to the relevant business sector, as well as the compound impact of risk factors in the broader macro environment that have evolved since the balance sheet date.

In particular, a severe but plausible downside scenario is considered by the Directors in order to assess the likely impact of multiple different adverse factors impacting the Group simultaneously, giving rise to a material adverse impact on the Group's profitability and liquidity during the going concern period. Further details can be found in note 3 of the financial statements

#### **3. Consideration of the controllable action that the Directors can take to mitigate a severe but plausible downside scenario**

In response to downside risks the Group has a range of actions, within its control, that it could deploy to mitigate the impact. These include but are not limited to:

- Reduction in non-essential capital expenditure, including the capital expenditure on future growth projects
- Adapting or pausing of services where no demand exists to reduce or halt losses at a particular facility and better deploy resources
- Reduction in certain areas of discretionary spend that would not have any short to medium term adverse impact on the Group

In aggregate the inclusion of mitigation actions materially increases the level of liquidity and covenant headroom further, versus the unmitigated scenario

Having considered all of the above factors the Directors have concluded there is no material uncertainty on the Group's ability to continue as a going concern for the period from the date of the approval of these financial statements to 31 August 2024.

## Aspris Holdco Limited

### Directors' Report for the Period ended 31 August 2022 (continued)

#### Engagement with employees

The Directors recognise that the continued position of the Group in the specialist education, care and behavioural care industry depends on the quality and motivation of its employees. Well trained, engaged and quality employees are crucial for the Group to ensure that service users receive the best quality care. The key quality performance indicators the Group uses to measure engagement and training are: the employee opinion survey, employee sickness levels and compliance with the Group e-learning programme. The Group has low levels of sickness and high levels of compliance with training programmes. Whilst monitoring these performance indicators, the Group continues to review its remuneration system to ensure it is fair, transparent, flexible and provides individual recognition. Employees have a personal development plan that is monitored, assessed and modified during the annual appraisal process.

The Group recognises that good and effective employee communications are particularly important to retaining and motivating employees, and throughout the business it is the Directors' policy to promote the understanding by all employees of the Group's business aims, purpose, performance and individual opportunities for personal and career development. This is achieved through internal publications, presentations on performance and a variety of other approaches appropriate for a particular location. Employees are consulted on issues through our Active Colleague Engagement ('ACE') forums. In all these areas, the Group continues to further invest in resource and IT solutions in order to deliver a positive experience for all our colleagues.

The Directors believe that it is important to recruit and retain capable and caring staff regardless of their gender, marital status, race or religion. It is the Group's policy to give full and fair consideration to applications for employment from people who are disabled, to continue wherever possible the employment of and to arrange appropriate training for, employees who become disabled and to provide equal opportunities for the career development, training and promotion of disabled employees.

#### Charitable Donations

During the period the Group made charitable donation of £50,000. Individual donations were as follows:

Charity	£
UNICEF – Ukraine appeal	50,000

## Aspris Holdco Limited

### Directors' Report for the Period ended 31 August 2022 (continued)

#### Streamlined energy and carbon reporting

In April 2019, the Department for Business, Energy and Industrial Strategy introduced a new reporting regulation entitled the Streamlined Energy and Carbon Reporting Framework ("SECR"), replacing various other reporting requirements. Organisations subject to SECR are required to include information relating to their energy usage and carbon emissions.

The energy used and emissions the period ended 31 August 2022 are as follows:

<b>Emission type</b>	<b>Total Volume (kWh)</b>	<b>Calculated Emissions (Tonnes of CO<sub>2</sub>e)</b>
Scope 1 (direct)	13,814,587	2,954.9
Scope 2 (indirect)	5,020,739	970.9
Scope 3 (indirect)	26,798	26.8
<b>Total</b>	<b>18,862,124</b>	<b>3,952.6</b>

Scope 1 Emissions (direct) are Emissions from activities owned or controlled by the Group, that release emissions into the atmosphere, scope 1 emissions for Aspris Group include amongst other, combustion in owned boilers and vehicles.

Scope 1 Emissions (direct) for the period are as follows:

<b>Energy type</b>	<b>Definition</b>	<b>Total Volume (kWh)</b>	<b>Calculated Emissions (Tonnes of CO<sub>2</sub>e)</b>
Gas	Emissions from combustion of gas	6,407,987	1,169.7
Other Fuels	Emissions from combustion of fuels for stationary machinery and engines	7,153,714	1,532.3
Transport	Emissions from combustion of fuels for transport purposes	252,886	252.9
<b>Total</b>		<b>13,814,587</b>	<b>2,954.9</b>

Scope 2 Emissions (indirect) are emissions released into the atmosphere associated with the Groups consumption of purchased electricity, heat, and cooling. These are indirect emissions that are a consequence of the Group's activities, but which occur at sources that the Group does not own or control.

## Aspris Holdco Limited

### Directors' Report for the Period ended 31 August 2022 (continued)

#### Streamlined energy and carbon reporting (continued)

Scope 2 Emissions (indirect) for the period are as follows:

Energy type	Definition	Total Volume (kWh)	Calculated Emissions (Tonnes of CO <sub>2</sub> e)
Electricity	Emissions from purchased electricity	5,020,739	970.9
<b>Total</b>		<b>5,020,739</b>	<b>970.9</b>

Scope 3 Emissions (indirect) are emissions that are a consequence of the actions of the Group, which occur at source which are not classified as scope 2 emissions. Examples of Scope 3 emissions are business travel by means not owned or controlled by the Group.

Scope 3 Emissions (indirect) for the period are as follows:

Energy type	Definition	Total Volume (kWh)	Calculated Emissions (Tonnes of CO <sub>2</sub> e)
Employee-owned cars	Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing fuel (mandatory)	26,798	26.8
<b>Total</b>		<b>26,798</b>	<b>26.8</b>

#### Intensity Ratio

The Group monitors an Intensity ratio in the form of a comparison of emissions to turnover:

Intensity measure	Turnover £m	Intensity Ratio <sup>1</sup>
Tonnes CO <sub>2</sub> e per total £m turnover	179.2	22.06
<b>Total</b>	<b>179.2</b>	<b>22.06</b>

<sup>1</sup> tCO<sub>2</sub>e/Turnover £m

#### Quantification and reporting methodology

The Group has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol - Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from our energy suppliers and half-hourly (HH) data, where applicable, for the HH supplies. For supplies where there were not complete periods energy usage available, flat profile estimation techniques were used to complete the periods consumption. Transport mileage data was obtained from expense claims submitted by the Group's cars and grey fleet. CO<sub>2</sub>e emissions were calculated using the appropriate emission factors 2022 from the UK Government GHG conversion information.

## Aspris Holdco Limited

### Directors' Report for the Period ended 31 August 2022 (continued)

#### Streamlined energy and carbon reporting (continued)

##### **Energy efficient action**

In the past year the Group has undertaken various energy efficiency works across the estate, including the upgrading of AC systems, boilers and insulation. The Group have, at a number of sites, commenced conversion of Oil heating systems to more efficient LPG solutions. These focussed works are ongoing alongside general refurbishments undertaken including LED lighting and general efficiencies.

The Group will continue our efforts through participation in Phase 3 of ESOS (Energy Saving Opportunities Scheme) to assist in the targeting and reduction of its carbon footprint through continued structured investment in energy efficiency programmes.

##### **Ethical trading**

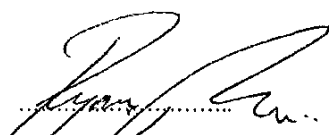
The Group endeavours to purchase goods and services with the least environmental impact. Our efforts for waste diversion from landfill, recycling, collection, and segregation have meant that the Group have diverted 99% of trade waste away from landfill. Aspris also recycled 35% of all trade waste generated, and we remain committed to increasing this percentage of recycling year on year, with a target of 50% by the end of 2023.

We continue to be supported in our efforts through the collection of recyclable materials, the collection and conversion of our waste cooking oil to diesel, and other initiatives.

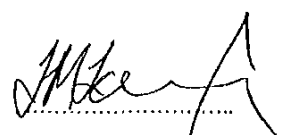
#### Disclosure of information to the auditor

Each Director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board and signed on its behalf by:



.....  
Ryan D Jarvis  
Director



.....  
Trevor M Torrington  
Director

The Forge,  
43 Church Street West,  
Woking,  
GU21 6HT

21 March 2023

## Aspris Holdco Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPRIS HOLDCO LIMITED

#### Opinion on the financial statements

##### In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 August 2022 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Aspris Holdco Limited ("the Parent Company") and its subsidiaries ("the Group") for the period ended 31 August 2022 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Financial Position, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### 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 or 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.

## Aspris Holdco Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPRIS HOLDCO LIMITED (CONTINUED)

#### Other information

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

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 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.

#### Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

#### Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.



## Aspris Holdco Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPRIS HOLDCO LIMITED (CONTINUED)

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.

#### *Extent to which the audit was 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 have identified and assessed the potential risks related to irregularities, including fraud, by considering the following:

- *the nature of the industry, including the design of the Group's remuneration policies;*
- enquiries of management regarding; compliance with laws and regulations; the detection and response to the risk of fraud and any knowledge of actual, suspected or alleged fraud; and the controls in place to mitigate risks related to fraud or non-compliance with laws and regulations.
- obtaining an understanding of the legal and regulatory framework in which the Group operates, including employment law, and Health and Safety requirements.
- performing procedures to verify the existence of revenues, and consider the risks around the fraudulent recognition of amounts.

We have responded to risks identified by performing procedures including the following:

- enquiry of management concerning actual and potential litigation and claims;
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of misstatement due to fraud; and
- reading the minutes of meetings of those charged with governance identify any instances of non-compliance with laws and regulations.

We have also considered the risk of fraud through management override of controls by:

- *sample testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;*

## Aspris Holdco Limited

### INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ASPRIS HOLDCO LIMITED (CONTINUED)

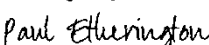
- discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we considered potential for fraud in revenue recognition, specifically in relation to revenue existence, as well as the potential for management override of controls specifically in relation to the posting of journal adjustments and the inappropriate use of estimates.
- in addressing the risk for fraud in revenue recognition, testing the appropriateness of the revenue recognition policies and the application of these policies and performing specific procedures over the existence and cut-off of revenue; and
- discussing with management and those charged with governance whether they are aware of any frauds, or non-compliance with laws and regulations, during the period.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
E10CC9CF40A94CC

Paul Etherington BSc FCA CF (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Reading, UK

22 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Aspris Holdco Limited

## Consolidated Income statement for the period ended 31 August 2022

	Note	2022 £m
Revenue	4	179.2
Operating costs		(156.1)
Exceptional items	10	(7.8)
Impairment loss	15	(19.7)
Other losses	8	(0.3)
<b>Operating loss</b>		<b>(4.7)</b>
Net finance costs	9	(22.7)
<b>Loss before taxation</b>		<b>(27.4)</b>
Income tax	11	0.3
<b>Loss attributable to the owners of the Group</b>		<b>(27.1)</b>

Aspris Holdco Limited

**Consolidated Statement of Comprehensive Income for the period to  
31 August 2022**

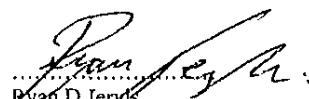
	2022 £m
Loss for the period	(27.1)
<b>Total comprehensive income for the period</b>	<b>(27.1)</b>


Aspris Holdco Limited  
Registration Number: 13534635

**Consolidated Statement of Financial Position as at 31 August 2022**

	Note	2022 £m
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	12	158.1
Right of use assets	13	156.4
Intangible assets	14	143.4
		<u>457.9</u>
<b>Current assets</b>		
Trade and other receivables	18	24.5
Cash and cash equivalent	19	18.1
		<u>42.6</u>
<b>Total assets</b>		<u>500.5</u>
<b>Current liabilities</b>		
Lease liabilities	13	(5.1)
Trade and other payables	24	(21.5)
Income tax liability		(0.9)
Deferred income	20	(28.8)
		<u>(56.3)</u>
<b>Net current liabilities</b>		<u>(13.7)</u>
<b>Non-current liabilities</b>		
Lease liabilities	13	(155.4)
Loans and borrowings	22	(159.6)
Provisions	23	(1.0)
Deferred tax liabilities	26	(36.2)
		<u>(352.2)</u>
<b>Net assets</b>		<u>92.0</u>
<b>Share capital</b>	21	84.6
<b>Share premium</b>		34.5
<b>Accumulated losses</b>		<u>(27.1)</u>
<b>Total equity</b>		<u>92.0</u>

Approved by the Board and signed on its behalf by:

  
Ryan D Jerrells  
Director

  
Trevor M Torrington  
Director

21 March 2023

Aspris Holdco Limited

**Consolidated Statement of Changes in Equity for the Period ended  
August 2022**

	Share capital	Share Premium	Retained Earnings	Total equity
Loss for the period			(27.1)	(27.1)
Total comprehensive income			(27.1)	(27.1)
New share capital subscribed	84.6	34.5	-	119.1
At 31 August 2022	84.6	34.5	(27.1)	92.0

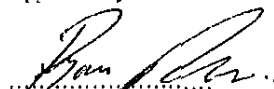
Aspris Holdco Limited  
Registration Number: 13534635


**Company Statement of Financial Position as at 31 August 2022**

	Note	2022 £m
<b>Assets</b>		
<b>Non-current assets</b>		
Investments in subsidiaries	16	119.1
<b>Current assets</b>		
Trade and other receivables	18	0.2
Cash and cash equivalent	19	0.7
		<u>0.9</u>
<b>Total assets</b>		<b>120.0</b>
<b>Current liabilities</b>		
Trade and other payables	24	(0.9)
		<u>-</u>
<b>Net current assets/(liabilities)</b>		<b>-</b>
<b>Net assets</b>		<b>119.1</b>
<b>Share capital</b>	21	84.6
<b>Share premium</b>		34.5
<b>Total equity</b>		<b>119.1</b>

The Company has taken advantage of the exemption conferred by Section 408 of the Companies Act 2006 from presenting its own profit and loss account. The Company's loss for the year was £19,000.

Approved by the Board and signed on its behalf by:

  
Ryan D Jarvis  
Director

  
Trevor M Torrington  
Director

21 March 2023

Aspris Holdco Limited

**Company Statement of Changes in Equity for the Period ended August 2022**

	Share capital	Share Premium	Retained Earnings	Total equity
Loss for the period			-	-
Total comprehensive income			-	-
New share capital subscribed	84.6	34.5	-	119.1
<b>At 31 August 2022</b>	<b>84.6</b>	<b>34.5</b>	<b>-</b>	<b>119.1</b>



## Aspris Holdco Limited

### Consolidated Statement of Cash Flows for the Period ended 31 August 2022

	Note	2022 £m
<b>Cash flows from operating activities</b>		
Loss for the period		(27.1)
<b>Adjustments for:</b>		
Depreciation and amortisation	6	13.7
Depreciation on right of use assets	6	8.5
Impairment of goodwill	15	19.7
Loss on disposal of property plant and equipment	8	0.3
Finance income	9	(0.1)
Finance costs	9	22.8
Share of loss of equity accounted investees		0.5
Income tax	11	(0.3)
		<b>38.0</b>
<b>Working capital adjustments</b>		
Increase in trade and other receivables		(6.4)
Increase in trade and other payables		4.1
Increase in provisions		0.2
Decrease in deferred income		(0.1)
<b>Cash generated from operations</b>		<b>35.8</b>
Income taxes paid		(1.6)
<b>Net cash flow from operating activities</b>		<b>34.2</b>
<b>Cash flows from investing activities</b>		
Interest received	9	0.1
Acquisitions of property plant and equipment	12	(12.1)
Proceeds from sale of property plant and equipment		1.0
Advances of loans to joint ventures	16	(1.1)
Acquisition of subsidiaries - net of cash acquired	17	(123.7)
		<b>(135.8)</b>
<b>Cash flows from financing activities</b>		
Interest paid		(11.3)
Proceeds from issue of ordinary shares		119.1
Proceeds from external borrowing draw downs		158.6
Repayment of external borrowing		(41.3)
Repayment of loans advanced from former parent	17	(90.1)
Principal paid on lease liabilities	13	(4.8)
Interest paid on lease liabilities	13	(10.5)
		<b>119.7</b>
<b>Net increase in, and closing cash and cash equivalents</b>	19	<b>18.1</b>

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022

#### 1. General information

The company is a private company limited by share capital, incorporated in England and Wales and domiciled in United Kingdom, registration number 13534635. Aspris Holdco Limited Group includes the Aspris Children's Services Abu Dhabi Branch.

These financial statements were authorised for issue by the Board on 17 March 2023

#### 2. Accounting policies

##### Statement of compliance

The Group financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the UK ("UK adopted IFRSs").

##### Summary of significant accounting policies and key estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

##### Basis of preparation

The consolidated financial statements are prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the companies act 2006 as applicable to companies using IFRS. The Company has elected to prepare its parent Company financial statements in accordance with UK generally accepted accounting principles (UK GAAP), including FRS 101

The financial statements have been prepared under historical cost accounting rules.

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Statement of Comprehensive Income in these financial statements.

##### Going concern

The Board reviews forecasts of the Group's liquidity requirements based on a range of scenarios to ensure it has sufficient cash to meet operational and financial needs. These forecasts are underpinned by detailed and embedded forecasting processes and procedures to provide granular visibility over both the near term and long-term liquidity requirements of the Group, to inform the Directors' decision making on all key financial matters. The Directors consider both short term and long-term forecasts for the business, ranging from rolling three-month daily liquidity forecasting, annual budget and periodic intra year reforecasting processes, and longer term 3 year long range plans for the Group. Each of these projects the liquidity and covenant headroom for the Group.

The Group made a loss before tax of £27.4m for the period ended 31 August 2022, this loss in the current period reflects the non-cash impairment of goodwill (see note 15) of £19.7m and exceptional of £7.8m, excluding these items the group made a loss of £0.1m and an operating profit of £23.1m. The Group is forecast to make an operating profit during the going concern period. The Group generates sufficient cash to cover its liabilities and surplus balances are held as cash reserves to invest in the Group and support the business in future periods. At 31 August 2022 the Group had debt of £165.0m due to its external lenders and finance lease liabilities of £160.5m. No loans were due to our shareholders.

As part of their considerations the Directors review a range of different scenarios, including a severe but plausible downside scenario to assess the impact on both the liquidity and covenant headroom of the Group, see note 3.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 August 2022.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the *effective date of acquisition or up to the effective date of disposal, as appropriate*. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

#### Changes in accounting policy

The following amendments are effective for the period beginning 28 July 2021:

- Amendments to IFRS 17 Insurance Contracts

None of the standards, interpretations and amendments effective for the first time from 28 July 2021 have had a material effect on the financial statements.

The following new standards, interpretations and amendments are not yet effect:

- Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IFRS 3 "Definition of a business"
- IAS 16: PPE: Proceeds before intended use
- IAS 37: Onerous contracts – cost of fulfilling a contract
- Annual improvement cycle to IFRS (2018-2020 Cycle)
  - IFRS 1: Subsidiary as a first time adopter
  - IFRS 9: fees in the '10 per cent' test for derecognition of financial liabilities
  - IFRS 16: Lease incentives amended example
- IAS 8: Definition of accounting estimates
- IAS 1: Disclosure initiative – accounting policies
- Amendments to IAS 12 "Deferred tax relating to assets and liabilities arising from a single transaction"

None of the standards, interpretations and amendments which are effective for periods beginning after 28 July 2021 and which have not been adopted early, are expected to have a material effect on the financial statements.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Revenue Recognition

##### *Recognition*

Revenue is recognised based upon the number of people per day to which we have provided a service. These volume metrics are recorded and combined with the applicable fee rate per person per service, to derive the total revenue to be recognised. There is limited judgemental input in this process.

Revenue is recognised as performance obligations are satisfied as control of services is transferred to the customer. The Group has determined that most of its performance obligations are satisfied over time as the client simultaneously receives and consumes the benefits provided by the Group as the education or care services are rendered. In the circumstances, revenue is recognised at the amount which the Group has the right to invoice, where that amount corresponds directly with the value to the customer of the Group's performance completed to date.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

##### *Fee arrangements*

Below are details of fee arrangements and how these are measured and recognised, for revenue from the provision of services:

Aspris delivers special education and care services to its service users in line with contractual agreements, which clearly state the nature of the services to be provided over what time period. The main performance obligations in contracts consist of delivery of services to service users. For all contracts the stage of completion and delivery of performance obligations are measured at the balance sheet date by reference to services delivered to service users at that date.

##### *Transaction price*

To calculate the transaction price of contracts rates are applied daily or by specific service provided to service users as detailed in contractual agreements.

##### *Payment terms*

Payment terms range from payment in advance of services delivered to within a range of specified days of receipt of service or invoice, dependant on the specific circumstances and needs of the service users.

#### Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Years depreciated over
Freehold buildings	50 years
Leasehold buildings	The lease term
Fixtures and fittings	3 to 16 years
Motor vehicles	The short of the lease term or 4 years

#### Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment on at least an annual basis. The impairment test compares the recoverable value of a cash generating unit ('CGU'), the value in use of that CGU and the carrying value of the intangible asset in accordance with IAS36. This assessment factors in the latest developments within each CGU, including amongst other factors, current trading, capacity and staffing constraints to assess an estimation of the future cashflows and the determination of a discount rate in order to calculate the present value of those cash flows.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Years amortised over
Customer contracts	6 to 17 years

The amortisation periods are based on expected customer churn rates and, where relevant, the length of fixed-term customer contracts

#### Valuation of investments

Investments in subsidiaries held by the company are measured at cost less any accumulated impairment in the company's statement of financial position.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

#### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Borrowings

All borrowings are initially recorded at the fair value which is often the amount received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

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

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Exceptional items

Items that are both material and non-recurring and whose significance is sufficient to warrant separate disclosure and identification within the consolidated financial information are referred to as exceptional items. Items that may give rise to classification as exceptional include but are not limited to, significant and material reorganisation and restructuring programmes, re-financing and acquisition costs. Further details of exceptional items can be found in note 10.

#### Provisions

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

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

#### Leases

##### *Definition*

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the Group to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the Group has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

##### *Initial recognition and measurement*

The Group initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Group's initial direct costs (e.g. commissions) and an estimate of restoration, removal and dismantling costs.

##### *Subsequent measurement*

After the commencement date, the Group measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised substance fixed lease payments or on the occurrence of other specific events.



## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Leases (continued)

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are presented separately as non-operating costs, included in finance cost, in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards.

Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, plant and equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

#### *Lease modifications*

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The Group then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g. reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

#### *Short term and low value leases*

The Group has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e. short-term leases).

The Group has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statement.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

#### Financial instruments

##### Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, excluding property, plant and equipment, intangible assets, deferred tax assets, prepayments and deferred tax liabilities.

The Group recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Group becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Purchases or sales of a financial assets under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned are defined as a regular way purchase or sale. All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the Group commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the marketplace.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

##### Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology: -

Financial assets are classified into one of the following categories:-

- financial assets at amortised cost;
- financial assets at fair value through the profit or loss (FVTPL); or

Financial liabilities are classified into one of the following two categories: -

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Financial instruments (continued)

The classification and the basis for measurement are subject to the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

##### *Financial assets at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the Group may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

##### *Financial assets at fair value through the profit or loss (FVTPL)*

Financial assets not otherwise classified above are classified and measured as FVTPL.

##### *Financial liabilities at amortised cost*

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

##### *Financial liabilities at fair value through the profit or loss*

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

#### Derecognition

##### *Financial assets*

The Group derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Financial instruments (continued)

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When the Group derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

- (a) The carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised.
- (b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;
- (c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined
- (d) The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets

#### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

#### Impairment of financial assets

##### *Measurement of Expected Credit Losses*

The Group recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely trade and other receivables.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the Group on terms that the Group would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Group, or economic conditions that correlate with defaults in the Group.

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade receivables are not subject to material or significant credit losses. Credit risk is not considered to be significant given that over 90% of revenue is derived from publicly funded entities.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Financial instruments (continued)

##### Financial instruments – Risk management

The Group is exposed to financial risks in the form of credit, interest and liquidity risks which arise in the normal course of business. The primary financial risks that the Group is exposed to are noted below, for further detail on these financial risks please see note 27.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash deposits
- Senior and revolving credit facilities containing a variable element linked to Sterling Overnight Index Average

##### Capital Management

The Group's objective when managing its capital is to ensure that entities in the Group will be able to continue as a going concern whilst maximising returns for stakeholders through the optimisation of debt and equity please see note 27 for the Group's capital structure.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### 3. Critical accounting judgements and key sources of estimation

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of certain financial assets, liabilities, income and expenses.

The use of estimates and assumptions is principally limited to the determination of provisions for impairment and the valuation of financial instruments as explained in more detail below:

##### Provisions for impairment

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

##### Fair value of financial assets and liabilities

Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

##### Going Concern

The Board reviews forecasts of the Group's liquidity requirements based on a range of scenarios to ensure it has sufficient cash to meet operational and financial needs. These forecasts are underpinned by detailed and embedded forecasting processes and procedures to provide granular visibility over both the near term and long term liquidity requirements of the Group, to inform the Directors decision making on all key financial matters. The Directors consider both short term and long term forecasts for the business, ranging from rolling three month daily liquidity forecasting, annual budget and periodic intra year reforecasting processes, and longer term 3 year long range plans for the Group. Each of these projects the liquidity and covenant headroom for the Group.

There are necessary estimates and judgements in the directors' assessment of going concern these are considered in detail in the strategic report.

In assessing the potential impact of a range of risk factors on the business the Directors have considered the likely impact on the Group of a range of risks specific to the relevant business sector, as well as the compound impact of risk factors in the broader macro environment that have evolved since the balance sheet date.

In particular, a severe but plausible downside scenario is considered by the Directors in order to assess the likely impact of multiple different adverse factors impacting the Group simultaneously, giving rise to a material adverse impact on the Group's profitability and liquidity during the going concern period. Specifically, the severe but plausible downside scenario assumes:

- Reduction in occupancy levels from base forecasts of an aggregate of approximately 2% for the going concern period.
- Cost inflation:
  - Wage inflation – additional site-wide wage inflation of 1.0% beyond the Group's planned wage increases (which already reflect announced National Living Wage, Teacher's Pay Scale, and other internal increases)
  - Non-Wage inflation - additional 1.0% cost inflation assumed beyond the Group's base case.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Critical accounting judgements and key sources of estimation (continued)

- Fee inflation – over and above the cost impacts the scenario considers a material shortfall in the proportion of fee increases that can be successfully achieved.
- Interest rate increases – assumes a marked and sustained increase in interest rates, and therefore the cash flows required to service the Group's debt. The scenario factors in Bank of England Base rates exceeding 5% by May 2023 and holding at this level for the remaining going concern period.

We do not consider that COVID-19 will have a material impact on the cashflows of the Group in the going concern period.

The revenue and cost impact of such a scenario would have a major negative impact on the Group's profitability for the going concern period. With operating profit being adversely impacted by approximately 30% in the period. Furthermore, in adopting a prudent approach, the Directors have considered this scenario before relevant mitigating actions that the business could implement to limit the adverse impact. Before the inclusion of such mitigations the Group continues to forecast sufficient liquidity and financial covenant headroom.

#### Business Combinations

The Group undertook three business combinations during the period (note 17). In accordance with IFRS, the purchase method of accounting has been used. The Directors determine and allocate the purchase price of acquired businesses at the date of the business combination. The purchase method requires significant estimates and judgments.

While Directors use their best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the date of acquisition, estimates and assumptions are inherently uncertain and subject to refinement. Examples of critical estimates in valuing certain assets we have acquired include;

- future expected cashflows arising from assets and liabilities,
- the fair value of intangible and tangible assets, and
- discount rates.

#### Useful Economic life of intangible assets

The Directors have determined the useful economic life of certain intangible assets acquired as part of business combination. The amortisation periods are based on expected customer churn rates and, where relevant, the length of fixed-term customer contracts.

#### Right of use assets and liabilities

The Group leases a number of properties in the jurisdictions in which it operates, recognised in accordance with IFRS16 (note 13).

In calculating the asset/liability attached to several of the lease agreements the Group has required use of an Incremental Borrowing Rate ("IBR"). The IBR has considered the risk-free rate attributable to the currency, location and lease term of each property, adjusted to reflect the interest rates the Group would be able to achieve based upon its existing financing arrangements.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Critical accounting judgements and key sources of estimation (continued)

The Directors have applied judgement to determine the lease term for contracts that include a renewal or break option. Extension options and break clauses are included in a number of the Group's lease agreements to maximise the flexibility in managing operational assets. In determining the lease term, the Directors have considered all facts, circumstances and the exercise dates of such clauses. Extension options and break clauses are only reflected in the lease term if there is reasonably certainty they will be exercised.

#### Impairment of goodwill and intangible fixed assets

The Directors must assess whether intangible assets have been impaired during the period. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability, expected future performance of that unit using a discounted cashflow model as at the period end and the assessed fair value of each cash generating unit. The key estimates and assumptions that feature in the impairment test is the selection of pre-tax discount rate relative to the specific risks of the cash-generating unit and the preparation of pre-tax cash flows using director approved forecasts with growth rates that represent the Directors' best estimates. (note 15)



## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### 4. Revenue

The analysis of the Group's revenue for the period is as follows:

	2022
	£m
Turnover	178.6
Other revenue	0.6
	<u>179.2</u>

The analysis of the revenue by geographic region is as follows:

	2022
	£m
UK based divisions	176.5
Middle East based divisions	2.7
	<u>179.2</u>

#### 5. Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022
	£m
Wages and salaries	91.4
Social security costs	8.0
Pension costs, defined contribution scheme	4.5
	<u>103.9</u>

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

	2022
	No.
Site and operational	2,987
Administration and support	174
	<u>3,161</u>

Aspris Holdco Limited

**Notes to the Financial Statements for the period ended 31 August 2022  
(continued)**

**6. Operating loss**

Arrived at after charging/(crediting)

	2022
	£m
Depreciation expense	8.7
Depreciation on right of use assets	8.5
Amortisation expense	5.0
Expense on short term leases	0.9
	<hr/>

**7. Auditors' remuneration**

Audit fees of £0.5m were incurred by the Group during the period, all fees relate to the audit of the Group. There were no fees incurred related to non-audit services.

**8. Other gains and losses**

The Group's other gains or losses for the period are as follows:

	2022
	£m
Loss on disposal of property plant and equipment	0.3
	<hr/>

**9. Finance income and costs**

	2022
	£m
<b>Finance income</b>	
Interest on bank deposits	0.1
	<hr/>
	0.1
<b>Finance costs</b>	
Interest on external borrowings	12.0
Interest on lease liabilities	10.8
	<hr/>
	22.8
<b>Net finance costs</b>	<hr/>
	22.7

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### 10. Exceptional items

	2022
	£m
Acquisition costs related to business combinations	5.8
Aspris formation and reorganisation costs	1.3
Other transaction costs and charitable donations	0.7
	<u>7.8</u>

Acquisition costs on business combinations relate to the acquisition of Aspris Children's Services Limited (£2.6m) from the Priory Group, the acquisition of SC Topco Limited (£3.1m), and the acquisition of Aspris (Arden) Limited (£0.1m).

Aspris formation and reorganisation costs relate to other expenses arising on the formation of the Aspris business as standalone from the Priory Group and include marketing-related expenses associated with the new Aspris brand.

Reorganisation costs primarily relate to the revision to redundancy costs associated with exit of certain customer contracts and the implementation of revised management organisational structures in the Group.

Other transaction costs relate to the Group's assessment, and execution, of other corporate and property related transactions.

The Group elected to make a one-off contribution to UNICEF's Ukraine appeal during the period.

#### 11. Taxation

##### Tax recognised in the income statement

	2022
	£m
<b>Current tax</b>	
Current tax on taxable income for the period	1.3
<b>Deferred tax (note 26)</b>	
Origination and reversal of temporary differences	(1.6)
<b>Tax credited in the period</b>	<u>(0.3)</u>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax applied to the losses for the year are as follows:-

	2022
	£m
Loss for the year	(27.4)
Tax using the company's tax rate 19%	(5.2)
Expenses not deductible for tax purposes	5.3
Tax rate changes	(0.4)
<b>Total tax credited in the period</b>	<u>(0.3)</u>

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Taxation (continued)

As a result of the Finance Bill 2021 the rates of income tax are expected to increase from 19% to 25% for the period beginning April 2023.

Tax liabilities are recognised when, despite the Group's belief that its tax return positions are supportable, the Directors believe it is more likely than not that a taxation authority would accept its filing position.

The Directors believe that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law.

No material uncertain tax positions exist as at 31 August 2022. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the determination is made.

#### 12. Property plant and equipment

##### Group

	Land and buildings £ m	Furniture, fittings and equipment £ m	Motor vehicles £ m	Properties under construction £ m	Total £ m
<b>Cost or valuation</b>					
Additions	2.3	6.5	0.1	3.2	12.1
Acquired through business combinations	122.4	29.6	0.6	3.3	155.9
Disposals	(1.0)	(0.5)	-	(0.2)	(1.7)
Transfers	0.6	0.3	-	(0.9)	-
At 31 August 2022	124.3	35.9	0.7	5.4	166.3
<b>Depreciation</b>					
Charge for the period	1.9	6.7	0.1	-	8.7
Eliminated on disposal	(0.2)	(0.3)	-	-	(0.5)
At 31 August 2022	1.7	6.4	0.1	-	8.2
<b>Carrying amount</b>					
At 31 August 2022	122.6	29.5	0.6	5.4	158.1

Under the terms of the Group's external borrowings there is a fixed charge, in favour of the external lenders, over all property acquired for a consideration of over £0.75m. Please refer to note 22 for further information on the Group's external borrowings.

Aspris Holdco Limited

**Notes to the Financial Statements for the period ended 31 August 2022**  
(continued)

**13. Right of use assets and liabilities**

**Group**

**Assets**

	Property £ m	Motor vehicles £ m	Total £ m
<b>Cost or valuation</b>			
Acquired through business combinations	150.8	2.4	153.2
Additions	3.0	0.5	3.5
Modifications	8.3	-	8.3
Disposals	(0.1)	(0.1)	(0.2)
At 31 August 2022	162.0	2.8	164.8
<b>Depreciation</b>			
Charge for the period	7.3	1.2	8.5
Eliminated on disposal	-	(0.1)	(0.1)
At 31 August 2022	7.3	1.1	8.4
<b>Carrying amount</b>			
At 31 August 2022	154.7	1.7	156.4

**Liabilities**

	Property £ m	Motor vehicles £ m	Total £ m
Acquired through business combinations	151.0	2.4	153.4
Additions	3.0	0.5	3.5
Modifications	8.3	-	8.3
Disposals	-	-	-
Interest	10.2	0.3	10.5
Lease payments	(14.0)	(1.3)	(15.3)
Foreign Exchange movements	0.1	-	0.1
At 31 August 2022	158.6	1.9	160.5

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Right of use assets and liabilities (continued)

##### Nature of leasing activities

The Group leases a number of properties in the jurisdictions in which it operates. Some of these leases provide for payments to increase each year by inflation or index rate movements. The Group has options to purchase or extend the leases of certain properties. As the exercising of such options is not deemed to be reasonably certain, such renewal options are not taken into account when determining the right of use assets and liabilities. Leases of vehicles comprise only fixed payments over the lease term.

Lease liabilities are due as follows:

Maturity analysis	£m
Year 1	15.5
Year 2	15.1
Year 3	14.3
Year 4	13.9
Year 5	13.7
Onwards	231.3
	<u>303.8</u>
Less: unearned interest	(143.3)
	<u>160.5</u>
Analysed as:	
Non-Current	155.4
Current	5.1
	<u>160.5</u>

#### Amounts recognised in profit and loss

An amount of £0.9m has been recognised in profit and loss in respect of property leases that expired and were not renewed, and for rolling lease agreements. Cash payments in respect of these leases amounted to £0.9m.

At 31 August 2022, the Group had no commitments under these agreements in excess of a two-month notice period.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### 14. Intangible assets

##### Group

	Goodwill (Note 15) £ m	Contractual customer relationships £ m	Total £ m
<b>Cost or valuation</b>			
Acquired through business combinations	69.3	98.8	168.1
At 31 August 2022	69.3	98.8	168.1
<b>Amortisation</b>			
Amortisation charge	-	5.0	5.0
Impairment (note 15)	19.7	-	19.7
At 31 August 2022	19.7	5.0	24.7
<b>Carrying amount</b>			
At 31 August 2022	49.6	93.8	143.4

All Intangible Fixed Assets ("IFAs") were identified on Purchase Price Allocation exercises ("PPA") exercises carried out on behalf of management by an independent expert, at two points:

1. Acquisition of Priory Education Services Limited ("PESL" – subsequently rename Aspris Children's Services Limited) by Aspris Holdco Limited on 31 August 2021
2. Acquisition of SC Topco Limited by Aspris Children's Services Limited on 28 January 2022
3. Acquisition of Hollyblue Healthcare (Arden) Limited, latterly renamed Aspris (Arden) Limited

All IFAs have been amortised in line with useful economic lives determined by management at each relevant acquisition date.

In accordance with accounting standards, the Group undertakes an annual review of Goodwill and where other IFAs where there are indicators of impairment.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### 15. Goodwill and impairment

Goodwill represents the excess of the consideration over the fair value of the net assets acquired on the purchase of the subsidiary companies. In accordance with IFRS, this balance is not amortised and is subject to annual impairment reviews. Goodwill has been allocated to each cash-generating unit ("CGU") based on Purchase price Allocation ("PPA") exercises:

1. Acquisition of Priory Education Services Limited ("PESL" – subsequently renamed Aspris Children's Services Limited) by Aspris Holdco Limited on 31 August 2021
2. Acquisition of SC Topco Limited by Aspris Children's Services Limited on 28 January 2022
3. Acquisition of Hollyblue Healthcare (Arden) Limited, latterly renamed Aspris (Arden) Limited

	ACSL Group	Sand- castle Group	Arden	Total
	£m	£m	£m	£m
Goodwill recognised during the period	21.0	47.7	0.6	69.3
Impairment recognised during the period	-	(19.7)	-	(19.7)
<b>Goodwill</b>	<b>21.0</b>	<b>28.0</b>	<b>0.6</b>	<b>49.6</b>

In accordance with accounting standards, the Group undertakes an annual review of Goodwill.

In order to determine if there has been any impairment of Goodwill, management prepared calculations of the recoverable amount for each CGU. For both ACSL Group and the Sandcastle Care Group the recoverable value is determined by the forecast present value of future cash flows of the CGU based on 5-year projections ending in a terminal growth rate assumption. Forecasts are based on the assumptions set out below:

Key Assumptions	ACSL Group	Sandcastle Care
Discount Rate	11.0%	10.3%
Terminal Growth Rate	2.0%	1.0%
Operating Margin	10.3%	20.6%

#### ACSL Group

Since the date of acquisition, the ACSL Group has maintained performance in line with the budgeted targets set for the business. Operational challenges, particularly regarding constraints on the availability of staff have been effectively managed, without a material adverse impact on ACSL's profitability for the period.

Forecast for FY23 is based on budget prepared by management and approved by the Board, with appropriate adjustments for trading at 31 August 2022. Operating profit is forecast to increase at 2% CAGR between FY24 and FY27. Replacement capex to maintain the estate has also been assumed, on par with FY23 budgeted levels.

Regarding the Group's acquisition of 100% of the share capital of ACSL Group on 31 August 2021 the Group assessed the fair value of identifiable net assets acquired to be £41.2m, compared to the total consideration of £62.2m, giving rise to £21.0m intangible goodwill being recognised by the Group. As at 31 August 2022 Management assessed the recoverable amount for ACSL Group to be £241.1m, £19.5m greater than the carrying value, and thus no impairment to the Goodwill arising on acquisition is recognised in the period.



## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Goodwill and impairment (continued)

##### Sandcastle Care Group

Since the date of acquisition, the Sandcastle Care business has maintained a high quality rating performance of over 90% post-acquisition, but the business has been impacted by operational challenges that have reduced both its available capacity and utilisation. Whilst aspects of these challenges are not thought to be permanent, they have impacted the overall assessment of the present value of future cashflows from the business. These challenges include staffing constraints that have led to reduced total occupancy and an adverse impact on operating margins compared to the budgeted targets for the business.

Forecast for FY23 is based on the budget prepared by management and approved by the Board, with appropriate adjustments for trading at 31 August 2022. Operating profit is forecast to increase at 1% CAGR between FY24 and FY27. Replacement capex to maintain the estate has also been assumed, on par with FY23 budgeted levels.

Regarding the Group's acquisition of 100% of the share capital of SC TopCo Limited on 28 January 2022 the Group assessed the fair value of identifiable net assets acquired to be £14.0m, compared to the total consideration of £61.7m, giving rise to £47.7m intangible goodwill being recognised by the Group.

Management assessed the recoverable amount for Sandcastle Care Group to be £77.6m, £19.7m lower than the carrying value of the CGU on a comparable basis at balance sheet date, and as such have impaired the goodwill associated with the CGU by the shortfall in carrying value versus the recoverable amount.

##### Impairment sensitivities for ACSI Group and Sandcastle Care Group

If any one of the following assumptions were amended by 1 percentage point, the impact on the impairment value would be as follows:

Sensitivities	Aspris	Sandcastle Care
Discount Rate (1% increase)	Reduction to carrying value from £241.1m to £221.2m	Reduction to carrying value from £77.6m to £71.6m
Terminal Growth Rate (1% reduction)	Reduction to carrying value from £241.1m to £220.7m	Reduction to carrying value from £77.6m to £71.5m
Operating Margin (1% reduction beyond FY27)	Reduction to carrying value from £241.1m to £223.0m	Reduction to carrying value from £77.6m to £74.8m

##### Aspris (Arden) Limited

The assets held by Aspris (Arden) Limited consist of land and buildings, these were at fair value on acquisition, there are no subsequent indicators of impairment to the assets of Aspris (Arden) Limited. Since the acquisition of Arden the business has been performing in line with expectations, and thus no impairment to the Goodwill arising on acquisition is required in the period.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### 16. Investments - Group Subsidiaries

Details of the group subsidiaries as at 31 August 2022 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights
Aspris Midco Limited	Holding company	United Kingdom	100%
Aspris Bidco Limited	Holding company	United Kingdom	100%
Aspris Children's Services Limited	Specialist education services	United Kingdom	100%
Coxlease School Limited	Non trading	United Kingdom	100%
Castlecure Group Limited	Non trading	United Kingdom	100%
Progress Care and Education Limited	Children's homes	United Kingdom	100%
Speciality Care Limited	Holding company	United Kingdom	100%
Strathmore College Limited	Care delivery	United Kingdom	100%
Aspris (Thetford 1) Limited	Non trading	United Kingdom	100%
Aspris New Education Services Limited	Education	United Kingdom	100%
Castlecure Holdings limited	Non trading	United Kingdom	100%
Quantum Care UK Limited	Children's care homes	United Kingdom	100%
Speciality Care (Rest Homes) Limited	Care delivery	United Kingdom	100%
Speciality Care (Medicare) Limited	Holding company	United Kingdom	100%
Specialised Courses Offering Purposeful Education Limited	Care delivery	United Kingdom	100%
Aspris (Thetford 2) Limited	Non trading	United Kingdom	100%
Dunhall Property Limited	Non trading	United Kingdom	100%
Castle Homes Care Limited	Children's care homes	United Kingdom	100%
Castlecure Cymru Limited	Children's care homes	United Kingdom	100%
Castle Homes Limited	Children's care homes	United Kingdom	100%
Rothcare Estates Limited	Property company	United Kingdom	100%
Castlecure Education Limited	Specialist education services	United Kingdom	100%

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Investments (continued)

Thetford Trustee LLP	Non trading	United Kingdom	100%
Aspris (Troup House) Limited *	Education	United Kingdom	100%
Aspire Scotland Holdings Limited*	Holding company	United Kingdom	100%
Aspire Scotland Limited*	Children's care and education	United Kingdom	100%
Galaxy I Limited*	Children's care and education	United Kingdom	100%
Galaxy UK Leisure Limited*	Children's care and education	United Kingdom	100%
SC Topco Limited**	Holding company	United Kingdom	100%
SC Bidco Limited**	Holding company	United Kingdom	100%
Natabra Properties Limited**	Property company	United Kingdom	100%
Sandcastle Care Holdings Limited**	Holding company	United Kingdom	100%
Sandcastle Care Limited**	Children's care homes	United Kingdom	100%
Portixol UK Limited**	Property company	United Kingdom	100%
Aspris (Arden) Limited	Property company	United Kingdom	100%
Priory Healthcare LLC***	Healthcare	UAE	0%

Unless stated otherwise the registered address of each subsidiary is: The Forge, Church Street West, Woking, Surrey, England, GU21 6HT

\*Company registered address is: 38-40 Mansion house Road, Glasgow, G41 3DW

\*\*Company registered address is: 49 Whitegate Drive, Blackpool, Lancashire, England, FY3 9DG

\*\*\*Aspris Group controls Priory Healthcare LLC through a combination of contractual agreements and the ability to direct the financial and operational management of the entity

Aspris Holdco Limited has given statutory guarantees against all the outstanding liabilities of all wholly owned subsidiaries as at 31 August 2022. This thereby allowed dormant subsidiaries to be exempt from the requirement to prepare and file annual accounts under section 394A of the Companies Act, and non-dormant subsidiaries to be exempt from the annual audit requirement under Section 479A of the Companies Act, for the period ended 31 August 2022.

The Group has control of a 60% interest in Saudi Healthcare LLC ("SHc"), an entity registered in KSA, which operates a Wellbeing Centre in Riyadh. The operation, although important to management's future plans and strategy in the region, is not seen as material in the context of these Financial Statements.

During the period the Group loaned £1.1m to SHc, in addition to the £0.1m interest in share capital and £0.3m. acquired on business combination. SHc did not trade during the period and incurred losses of £0.9m, the Group's share of these losses £0.5m have been recognised in operating costs.

#### Investments - Company

	Group 2022 £m
Investments made during period - Cost	119.1
Aspris Midco Limited	119.1
At 31 August 2022	119.1

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### 17. Business combinations

##### Acquisition of subsidiary – Aspris Children's Services Limited and subsidiaries

On 31 August 2021, the Group acquired 100% of the issued share capital of Priory Education Services Limited (formerly named Aspris Children's Services Limited), obtaining control. The principal activity of Aspris Children's Services Limited ("ACSL") is provision of specialist schools, colleges, children's homes and fostering. ACSL was acquired by Aspris Bidco Limited, a wholly owned subsidiary of Aspris Holdco Limited. This transaction was undertaken to purchase the children's services and Middle East operations of the Priory Group, of which ACSL and its subsidiaries were previously members of.

The 100% shareholding in ACSL was obtained for cash consideration of £62.2m.

As part of the acquisition, loans totalling £90.1m between ACSL and its subsidiaries, and Priory Group were settled.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

£ m	Book Value	Fair Value adjustments	Fair value
<b>Assets and liabilities acquired</b>			
Property, plant and equipment	134.2	5.0	139.2
Right of use assets	153.2	(0.2)	153.0
Intangible assets	27.2	15.2	42.4
Trade and other receivables	13.7	0.1	13.8
Cash and cash equivalent	1.9	-	1.9
Lease liabilities	(153.2)	-	(153.2)
Trade and other payables	(134.0)	-	(134.0)
Provisions	(0.8)	-	(0.8)
Deferred tax liabilities	(3.8)	(17.3)	(21.1)
<b>Total identifiable assets</b>	<b>38.4</b>	<b>2.8</b>	<b>41.2</b>
Goodwill	-	-	21.0
<b>Total consideration</b>			<b>62.2</b>
Satisfied by:			
Cash			62.2
Cash flow analysis:			
Cash consideration			62.2
Less: cash and cash equivalent balances acquired			(1.9)
<b>Net cash outflow arising on acquisition</b>			<b>60.3</b>

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Business combinations (continued)

The fair value of the financial assets includes receivables with a fair value of £12.2m and a gross contractual value of £12.6m. The best estimate at acquisition date of the contractual cash flows not to be collected are £0.4m.

The goodwill of £21m arising from the acquisition consists of the presence of certain intangible assets, which do not qualify for separate recognition, such as;

- Assembled workforce of ACSL, including both the UK and Middle East workforce
- Aspris' ability to extend the existing relationships acquired with Local Authorities beyond the useful economic life anticipated at initial acquisition
- Development of new relationships in the Middle East

None of the goodwill is expected to be deductible for income tax purposes.

Acquisition related costs of £2.5m arose as a result of the transaction.

#### Acquisition of subsidiary - SC Topco Limited and subsidiaries

On 28 January 2022, the Group acquired 100% of the issued share capital of SC Topco Limited ('Sandcastle Care'), obtaining control. The principal activity of Sandcastle Care is the provision of therapeutic care homes for children. Sandcastle Care was acquired to achieve the creation of a consolidated business in the Waterland group that is focused on providing children's service. The transaction provides Aspris with greater coverage in the Northwest of England, where Sandcastle Cares' properties are primarily located.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Business combinations (continued)

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

£ m	Book Value	Fair value adjustments	Fair value
<b>Assets and liabilities acquired</b>			
Property, plant and equipment	24.4	(13.2)	11.2
Right of use assets	0.2	-	0.2
Intangible assets	12.0	44.4	56.4
Trade and other receivables	3.8	-	3.8
Cash and cash equivalent	3.6	-	3.6
Lease liabilities	(0.2)	-	(0.2)
Trade and other payables	(2.5)	-	(2.5)
Income tax liability	(1.1)	-	(1.1)
Loans and borrowings	(41.3)	-	(41.3)
Deferred tax liabilities	(0.2)	(15.9)	(16.1)
Total identifiable assets	(1.3)	15.3	14.0
Goodwill	-	-	47.7
<b>Total consideration</b>			<b>61.7</b>
<b>Satisfied by:</b>			
Cash			61.7
<b>Cash flow analysis:</b>			
Cash consideration			61.7
Less: cash and cash equivalent balances acquired			(3.6)
Net cash outflow arising on acquisition			58.1

The fair value of the financial assets includes receivables with a fair value of £3.4m and a gross contractual value of £3.4m.

The goodwill of £47.7m arising from the acquisition consists of the presence of certain intangible assets, which do not qualify for separate recognition, such as;

- Assembled workforce of Sandcastle Care.
- Sandcastle Care's ability to extend the existing relationships acquired with Local Authorities beyond the useful economic life anticipated at initial acquisition.

None of the goodwill is expected to be deductible for corporation tax purposes.

Acquisition related costs of £3.1m arose as a result of the transaction.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Business combinations (continued)

##### Acquisition of subsidiary – Aspris (Arden) Limited

On 31 March 2022, the Group acquired 100% of the issued share capital of Hollyblue Healthcare (Arden) Limited, latterly renamed Aspris (Arden) Limited on obtaining control. Its principal activity is a property lessor. The purchase of Hollyblue Healthcare (Arden) Limited enabled the acquisition of the freehold interests in properties previously leased to the Group. This included properties that had previously formed part of the Priory Group's residential adult care division. Subsequent to the purchase of Hollyblue (Arden) Limited such properties were disposed of by the Aspris Group to the Priory Group at fair value.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

£ m	Book Value	Fair value adjustments	Fair value
<b>Assets and liabilities acquired</b>			
Property, plant and equipment	5.5	-	5.5
Trade and other payables	(0.1)	-	(0.1)
Income tax liability	(0.1)	-	(0.1)
Deferred tax liabilities	-	(0.6)	(0.6)
Total identifiable assets	5.3	(0.6)	4.7
Goodwill	-	-	0.6
Total consideration			5.3
<b>Satisfied by:</b>			
Cash			5.3
<b>Cash flow analysis:</b>			
Cash consideration			5.3
Less: cash and cash equivalent balances acquired			-
Net cash outflow arising on acquisition			5.3

None of the goodwill is expected to be deductible for corporation tax purposes.

Acquisition related costs of £0.1m arose as a result of the transaction.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Business combinations (continued)

##### Impact of the acquirees on amounts reported in the statement of comprehensive income

The amounts of revenue and profit or loss of the acquirees since acquisition date included in the consolidated statement of income for the reporting period is as follows:

	Aspris £m	Sandcastle £m	Arden £m
Revenue	162.7	16.5	0.0
Operating cost	(140.9)	(15.5)	0.3
Operating profit before impairment and other losses and exceptional costs	21.8	1.0	0.3
Impairment and other losses and exceptional costs	(8.0)	(19.8)	0.0
Operating profit	13.8	(18.8)	0.3

The revenue and profit or loss of the combined entity for the current reporting period as through the acquisition date for all business combinations that occurred during the year had been at the beginning of the 12 month trading period starting 1 September 2021, is as follows:

	£m
Revenue	191.0
Operating cost	(171.7)
Operating profit before impairment and other losses and exceptional costs	19.3
Impairment and other losses and exceptional costs	(28.3)
Operating profit	(9.0)

#### 18. Trade and other receivables

	Group 31 August 2022 £ m	Company 31 August 2022 £ m
Current		
Trade receivables	19.7	-
Provision for impairment of trade receivables	(0.1)	-
Net trade receivables	19.6	-
Accrued income	0.4	-
Prepayments	1.7	-
Loans receivable from joint venture (note 28)	1.0	-
Other receivables	1.8	0.2
	24.5	0.2

All current receivables are due within 1 year of balance sheet date. None of these are subject to material or significant credit losses. Credit risk is not considered to be significant given that over 90% of revenue is derived from publicly funded entities.

Amounts receivable from joint venture are not subject to interest and are repayable on demand.



## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### 19. Cash and cash equivalents

	Group 2022	Company 2022
	£m	£m
Cash at bank	18.1	0.7

Cash and cash equivalents includes cash in hand and at bank. Cash at bank is held with banks or financial institution counterparties which are investment grade rated. Management do not expect any losses from non-performance of counterparties.

#### 20. Deferred income

	Group 2022
	£m
Acquired through business combination	28.9
Deferred during the year	28.8
Recognised during the year	(28.9)
	28.8

Deferred income is in respect of services invoiced in advance of delivery and is released as services are delivered.

#### 21. Issued capital and reserves

##### Allotted, called up and fully paid shares

	2022 No.	2022 £000
A Ordinary shares of £1 each	82,851,341	82,851
B Ordinary shares of £1 each	1,782,603	1,783
C Ordinary shares of £1 each	1,232,266	12
	<u>85,866,210</u>	<u>84,646</u>

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Issued capital and reserves (continued)

##### New shares allotted

Class	No.	Consideration £000
A Ordinary shares of £1 each <sup>1</sup>	82,851,341	116,861
B Ordinary shares of £1 each <sup>2</sup>	1,782,603	2,223
C Ordinary shares of £1 each <sup>3</sup>	1,232,266	36
	<b>85,866,210</b>	<b>119,120</b>

<sup>1</sup> A Ordinary shares of £1 each have full voting and payments of dividend rights, right to distributions alongside B Ordinary shareholders in priority to C Ordinary shareholder, subject to a threshold. Rights to distributions once the threshold has been surpassed alongside the B Ordinary shareholders and C Ordinary shareholders.

<sup>2</sup> B Ordinary shares of £1 each have full voting and payments of dividend rights, right to distributions alongside A Ordinary shareholders in priority to C Ordinary shareholder, subject to a threshold. Rights to distributions once the threshold has been surpassed alongside the A Ordinary shareholders and C Ordinary shareholders.

<sup>3</sup> C Ordinary shares of £1 each have no voting rights. C Ordinary shares have rights to dividends and distributions once the threshold has been surpassed alongside the A and B Ordinary shareholders.

#### 22. Loans and borrowings

	Group 2022 £m
<b>Non-current loans and borrowings</b>	
External loans	165.0
Capitalised debt fees	(5.4)
<b>External borrowings</b>	<b>159.6</b>

The Group entered into a senior term and revolving facility agreement on 27 August 2021 to facilitate the acquisition of Sandcastle Care and future acquisitions. As at the end of the period the drawn senior facilities of £165.0m are secured over the Group's assets and carry interest at a variable margin over the applicable SONIA rate. The loans are repayable 7 years from the date of completion of the acquisition of ACSL.

External borrowings are recognised at fair value net of transaction costs that are directly attributable to the credit facilities. At the balance sheet date this was £5.4m.

The Group's Loan facilities are subject to a single financial covenant test which is assessed quarterly. This covenant assesses the total gross Leverage of the Group as a ratio to proforma LTM EBITDA of the consolidated group at each quarterly test date. At the balance sheet date the covenant threshold was 7.4x, as at 31 August 2022 the ratio level was materially below this threshold at a level of 4.9x. This equates to £11.6m of headroom expressed in terms of proforma LTM EBITDA.

As at 31 August 2022 the Group had letters of credit in place amounting to £2.3m. This amount is ringfenced within the Group's total revolving credit facility of £22m for this purpose, with no other amounts drawn under this facility as at the balance sheet date. These letters issued by the Group's principal bankers to the Group's insurers, an employee pension scheme, and to support credit granted under supplier contracts.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### 23. Provisions

	Legal provision 2022 £m
Acquired through business combination	0.8
Charged in income statement	0.4
Used during year	(0.2)
	1.0

#### 24. Trade and other payables

	Group 2022 £m	Company 2022 £m
Trade payables	3.1	-
Accrued expenses	11.7	-
Amounts due to related parties	-	0.9
Social security and other taxes	2.3	-
Other payables	4.4	-
	21.5	0.9

Other payables consist of credit balances, funds held on behalf of ADEK for the operation and investment of the school operated by the Group and savings held on behalf of young persons.

#### 25. Pension

The Group operates defined contribution pension schemes. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £4.5m

#### 26. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19%. The increase in corporation tax to 25% is expected to be effective from April 2023. This new rate will be applied to deferred tax balances which are expected to reverse as at 1 September 2022.

Deferred tax assets have been recognised in respect of all temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below.

# Aspris Holdco Limited

## Notes to the Financial Statements for the period ended 31 August 2022 (continued)

### Deferred tax (continued)

Details of the deferred tax liability, amounts recognised in the profit or loss and amounts recognised in other comprehensive income are as follows:

	Recognised in business combinations (Note 17)	Recognised in income	Recognised in other comprehensive income	Total 31 August 2022
Intangible asset differences	23.8	(1.3)	-	22.5
Tangible asset differences	14.0	(0.3)	-	13.7
	<u>37.8</u>	<u>(1.6)</u>	<u>-</u>	<u>36.2</u>

Deferred tax asset has not been recognised in respect of capital tax losses carried forward in the UK totalling £2.4m as there is insufficient evidence as to their recoverability.

### 27. Financial instruments

#### Financial assets and liabilities

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, excluding property, plant and equipment, intangible assets, deferred tax assets, prepayments and deferred tax liabilities.

	Group 2022 £m	Company 2022 £m
<b>Financial assets</b>		
Investments in subsidiaries	-	119.1
Trade and other receivables	22.8	0.2
Cash and cash equivalent	<u>18.1</u>	<u>0.7</u>
	<u>40.9</u>	<u>120.0</u>
<b>Financial liabilities</b>		
Trade and other payables	21.5	0.9
Income tax liability	0.9	-
Deferred income	28.8	-
Lease liabilities	160.5	-
Loans and borrowings	159.6	-
Provisions	<u>1.0</u>	<u>-</u>
	<u>372.3</u>	<u>0.9</u>

There is no difference between the carrying value of financial instruments and their fair value. The Group has no financial instruments that are measured at fair value.

The Group does not require collateral in respect of financial assets.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Financial instruments (continued)

##### Financial risk management

The Group is exposed to financial risks in the form of credit, interest and liquidity risks which arise in the normal course of business. The primary financial risks that the Group is exposed to are detailed below:

##### Credit risk - Cash deposits and Trade receivables

Financial instruments which potentially expose the Group to credit risk consist primarily of cash and trade receivables.

Cash is only deposited with major financial institutions that satisfy certain credit criteria. Credit risk in relation to trade receivables is not considered to be significant given that the vast majority of revenue is derived from publicly funded education and care services. The Group provides credit to customers in the normal course of business and the balance sheet is net of allowances of £0.1m for doubtful receivables. The Group measures those allowances at an amount equal to the lifetime expected credit losses using both quantitative and qualitative information and analysis based on the Group's historical experience and forward-looking information.

Allowances against doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts, determined by reference to past experience of the counterparty. The majority of the Group's allowance for doubtful debts relates to specific trade receivables that are not considered to be recoverable, and management only considers it appropriate to create a collective provision based on the age of the trade receivable in respect of certain types of trade receivables.

The aging of trade receivables at 31 August is as follows:

	£m
Current	4.9
30-60 days	14.0
60-150 days	0.5
150 days +	0.3
	<hr/> 19.7

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Trade receivables at least 60 days past due for which no loss allowance has been made at 31 December is £0.7m.

Further to the credit risks described on cash and trade receivables the Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

There is no concern over the credit quality of amounts past due but for which no loss allowances has been recognised since the risk is spread over a number of unrelated counterparties which include central and local Government. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above and cash held by the Group.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Financial risk management (continued)

##### *Interest rate risk – Senior and Revolving credit facilities containing a variable element linked to Sterling Overnight Index Average*

The Group is financed by a combination of Senior and Revolving external credit facilities. The facilities are denominated in pounds and are borrowed with interest at a variable margin over the applicable SONIA rate. Senior loans are repayable on 31 August 2028, and Revolving facilities are repayable on 31 August 2026.

In addition to assessments required by macro-economic events, the Group monitors its near term interest rate exposure on a monthly basis, and longer term exposure on a bi-annual basis. This includes the review of the options available to it for the hedging of interest rate risk, but currently does not have a hedged component to the interest burden on its external debt. In light of prevailing market conditions, and the high cost of hedging instruments, the Directors believe the Group has sufficient capacity to address the risk of interest rate rises.

Based on modelling performed, a 100 basis point shift in SONIA rates would have a £1.65m increase or decrease on interest payments due on the Group's external debt. A 350 basis point shift (being the maximum likely change in interest rates over the year from the period end) would have an impact of £5.8m on interest payments due on the Group's external debt.

#### Liquidity risk

The Group prepares both annual and short-term cash flow forecasts reflecting known commitments and anticipated projects. Borrowing facilities are utilised as necessary to finance requirements. The Group has sufficient available bank facilities and cash flows from profits to fund current commitments.

The following table shows the contractual cash flow maturities for financial liabilities:

	Total	0-1 years	2-5 years	5+ years
Trade and other payables	21.6	21.6		
Borrowings	165.0			165.0
Lease liabilities	303.8	15.5	57.0	231.3

#### Foreign currency risk

Substantially all of the Group's operations are in the UK and as such foreign currency risk is not deemed significant.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Capital Risk Management

The Group's objective when managing its capital is to ensure that entities in the Group will be able to continue as a going concern whilst maximising returns for stakeholders through the optimisation of debt and equity. The Group's capital structure is as follows:

	2022 £m
Cash	18.1
Borrowings <sup>1</sup>	(165.0)
Lease liabilities	(160.5)
Equity	92.0

1. Excluding accrued interest and capitalised debt fees

#### Analysis of net debt

	Business Combinations £m	Cash flow £m	Interest £m	Other movement <sup>2</sup> £m	£m
Cash	5.5	12.6	-	-	18.1
Borrowings <sup>1</sup>	(41.3)	(123.7)	-	-	(165.0)
<b>Net Debt (excluding Lease liabilities)</b>	<b>(35.8)</b>	<b>(111.1)</b>	<b>-</b>	<b>-</b>	<b>(146.9)</b>
Lease liabilities	(153.4)	15.3	(10.5)	(11.9)	(160.5)
<b>Net Debt</b>	<b>(193.0)</b>	<b>(92.0)</b>	<b>(10.5)</b>	<b>(11.9)</b>	<b>(307.4)</b>

1. Excluding accrued interest and capitalised debt fees of £5.4m

2. Relates to non-cash movements in lease liabilities - see note 13 for details

#### 28. Related parties

##### Ultimate parent and controlling party

The Company's immediate parent is Standbyco 35 B.V

The ultimate parent is Waterland Private Equity Investments B.V

The ultimate controlling party is Waterland Private Equity Investments B.V

Aspris Holdco Limited is the smallest and largest company for which consolidated financial statements are prepared for public use.

## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Related parties (continued)

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Group is owed £1.4m from Saudi Healthcare LLC, a related party as a joint venture investment which is equity accounted for in these statements, there is no interest charge, and this balance is repayable on demand. Held against this receivable is a provision of £0.4m for the Group's share of the initial losses incurred over the investment amount made in Saudi Healthcare LLC. The net of the amounts owed of £1.0m is detailed in note 18.

The Group paid a management charge of £30,000 to WPEF VIII Holding Coöperatief W.A, a related party through common control.

Prior to the acquisition of Aspris Group (note 17) Priory Education Services Limited ("PESL") was a part of the Priory Group. At the time of the transaction Priory Group was a related party. Whilst the Group's operations were largely autonomous from those of the wider Priory Group, Aspris was the recipient of central support services provided to it by the Priory Group. These services continued under a transitional services arrangement agreed at the time of the Group's acquisition of PESL. This transitional agreement provided for back office support, including use of systems and software, human resources support, estates and aspects of financial reporting assistance. This transitional stage included the implementation of Aspris' own standalone systems and support infrastructure, the process of which was completed by 30th November 2022, with all services received under this transitional arrangement ceased to be provided from that date.

On 28 January 2022, the Group acquired 100% of the issued share capital of SC Topco Limited (note 17), obtaining control. SC Topco Limited was a related party by the nature of common ownership. One of the principal purposes of the acquisition was to achieve the creation of a consolidated business in the Waterland group that is focused on providing children's service.

During the period an amount of £0.4m was advanced to directors at an interest rate equal to the HMRC official rate of interest, on a term concurrent with the period with which the Directors remain shareholders in the Group. Interest is paid by the Directors annually and early repayment of any portion of the outstanding balance is permitted at any time. During the period repayments of £0.2m were made, with the remaining £0.2m outstanding at the period end being included in other receivables (note 18)



## Aspris Holdco Limited

### Notes to the Financial Statements for the period ended 31 August 2022 (continued)

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

	2022
	£000
Directors' emoluments	1,926
Directors' post-employment benefits	8

Total emoluments for the highest paid director were £1,153,000, this included a one-off non-recurring reward of £305,000 relating to the exceptionally high level of corporate transactions and reorganisation activity successfully completed during the period. The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £4,000.

The number of Directors to whom retirement benefits are accrued under money purchase pension schemes is 2.

#### 29. Events after reporting date

##### Acquisition of BHIS Holdings Limited

Following the close of the reporting period, and consistent with the Group strategy of expanding its specialist education division, the Group completed the acquisition of a specialist education provider in the UK, BHIS Holdings Limited, on 1 March 2023.

The acquired business, and its wholly owned subsidiaries, provide specialist education for up to approximately 100 primary and secondary school aged young people in the East of England.

To support this acquisition, and the Group's broader growth objectives, the Group entered into an extension of its available external debt facilities with its existing lenders. This new growth facility was agreed and effective from 8 February 2023. These facilities provide an additional £25m of committed available debt capacity to support the growth projects of the Group.

In addition, as part of the above acquisition the Group issued additional equity capital to its shareholders in March 2023, with the above acquisition being funded through a combination of a partial drawdown of the new growth debt facility and this new equity capital raise.