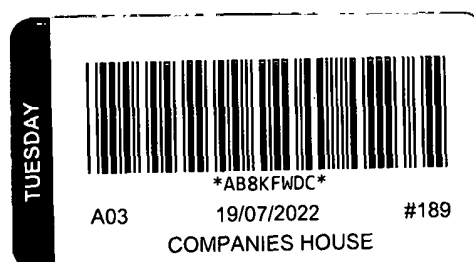


Registered number: 11112428

GALAXY GROUP BIDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2022



GALAXY GROUP BIDCO LIMITED

COMPANY INFORMATION

Directors	G J Fitton D A Holden M R Parish E L Pearson A B P Small (appointed 25 March 2021) R K Bhagobati (resigned 12 May 2022) J M Mizzi (resigned 25 March 2021) D S Pilbrow (resigned 25 March 2021) A Ringer (resigned 25 March 2021, reappointed 30 May 2022)
Alternate director	S I Collier (appointed 25 March 2021 as alternate for E L Pearson)
Company secretary	G J Fitton
Registered number	11112428
Registered office	Community Services Building Poolemead Watery Lane Twerton Bath BA2 1RN
Independent auditor	KPMG LLP 1 Forest Gate Brighton Road Crawley West Sussex RH11 9PT

GALAXY GROUP BIDCO LIMITED

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GALAXY GROUP BIDCO LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2022

Introduction

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

Business review

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

The Group's results are in line with expectations.

The key financial highlights are as follows:

	2022	2021
	£000	£000
Turnover	209,366	190,916
Operating profit margin	8%	12%
Loss before tax	(24,482)	(8,543)

On 29 June 2021, the Group acquired the trade and assets of 29 homes run by the Royal National Institute of Deaf people.

On 3 August 2021, the Group acquired 100% share capital of AT UHL Limited (formerly United Health Limited) followed by the acquisition of Sussex Empowered Living Limited on 29 September 2021. The Group then acquired SG Care Group Limited on 2 February 2022.

As at February 2022, the Group provided care across approximately 420 homes which comprised of 2,476 available bedrooms. The occupancy rate within those homes was in excess of 90%.

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

Proposed dividend

The directors do not recommend the payment of a dividend.

Management team

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

Future prospects and events

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

GALAXY GROUP BIDCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2022

Principal risks and uncertainties

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

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

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

i) Interest rate risk

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

ii) Liquidity risk

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

iii) Credit risk

The Group's principal financial assets are cash and trade receivables. The Group invests significantly to retain and improve the quality of its service offering. Trade receivables are reviewed on a regular basis to ensure they are collectable. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

Going concern

The directors assessment on going concern can be found in note 2 of this report.

Directors' statement of compliance with duty to promote the success of the Group

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

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

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

Stakeholders

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

GALAXY GROUP BIDCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2022

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

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

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

People supported

The Group is relentlessly focused on service quality for the people supported. The Group uses a structured approach and framework to deliver the quality of service by receiving regular feedback from the people supported. This is embedded in the process of improving the quality of homes provided.

Employees

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

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Suppliers

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

Community

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

Standards of Business Conduct

The Group is committed to conduct business with the highest integrity and the compliance with the law and have Standards in place which must be adhered to by everyone who represents the Group. These Standards embody the fundamental principles that govern our ethical and legal obligations. These standards not only comply with the Group's policies but also with laws and regulations applicable.

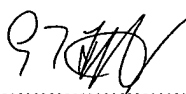
Acting Fairly Between Members

Galaxy Group Bidco Limited is a 100% subsidiary undertaking of Galaxy Group Midco Limited, incorporated in the UK and the ultimate Parent Company is AMP Capital Investors (European Infrastructure No.5) S.à.r.l.

GALAXY GROUP BIDCO LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2022**

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


.....
G J Fitton
Director

Date: 28 June 2022

GALAXY GROUP BIDCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2022

The directors present their report and the financial statements for the year ended 28 February 2022.

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

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

Directors

The directors who served the Company during the year and since the year end are given on the Company Information page.

Qualifying third party indemnity provisions

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

Directors' responsibilities statement

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

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

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

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

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

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2022**

Corporate Governance Report

For the year ended 28 February 2022, under the Regulations, the Group and Company has applied the Wates Corporate Governance Principles (as published by the Financial Reporting Council in December 2018). Our application of each principle is outlined below.

Principle 1 – Purpose and Leadership

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

Values: our core values are as follows:

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

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

Principle 2 – Board Composition

The Board is chaired by an independent non-executive Mike Parish, and composed of senior executives from within the Group as well as other non-executive directors. The Board actively works to improve the diversity at every level of our business. Diversity, equality and gender parity are business priorities of the Group. We have made progress in female representation at the top level of our organisation. The Board's directors keep their knowledge, skills and familiarity with the business up-to-date by engaging with senior management and by updating with internal and external training.

Principle 3 – Director Responsibilities

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

Principle 4 – Opportunity and Risk

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

Principle 5 – Remuneration

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

Principle 6 – Stakeholders

As a provider of residential care, outreach care and supported living homes for people with learning disabilities

GALAXY GROUP BIDCO LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2022

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

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group is committed to reducing its carbon footprint and works closely with energy consultants to manage its energy, water and waste contracts.

The Group complied with ESOS Phase 2. As part of the Group's ongoing effort to manage energy consumption we upgrade light bulbs to LED light bulbs where possible and replace inefficient old boilers on an ongoing basis. As new technologies develop and become more accessible to the public, the Group will look to adapt to these technologies to further reduce CO2 emissions in the future.

Electricity for some sites has been sourced from renewable energy sources, meaning there are no actual carbon emissions from some sites, however location-based grid average emissions have been used to report the emissions figure.

The Group owned 313 sites that are included within this reporting period, where electricity and gas are the primary and only utilities used. The Group also owned company vehicles and had staff mileage claims. All activities are based in the UK.

- Scope 1 emissions consist of natural gas usage within the building.
- Scope 2 consist of electricity usage within the building.
- Scope 3 emissions have been included.

As the business continues to grow, the directors consider the most appropriate intensity ratio measurement would be by calculating the energy consumed and CO2 emissions by the number of beds in the Group. The ratio for the year ended 28 February 2022 is included in the table below. An intensity ratio of gross scope 1 and scope 2 emissions as tCO2e per bed has been measured. The chosen emissions reduction target is to reduce the overall business intensity ratio by 5% per annum.

	kWh 2022	kWh 2021	tCO2e 2022	tCO2e 2021
Scope 1	21,552,963	17,972,760	4,172	3,493
Scope 2	6,609,957	5,610,285	1,404	1,308
Scope 3	955,270	1,457,385	235	362
Gross total	29,118,190	25,040,430	5,811	5,163
Renewable electricity	(6,609,957)	(5,605,620)	(1,406)	(1,433)
Net total	22,508,233	19,234,510	4,406	3,730
Intensity ratio	2.32	2.71	tCO2e/bed	tCO2e/bed
Intensity ratio target	2.06	2.58	tCO2e/bed	tCO2e/bed

GALAXY GROUP BIDCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2022**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

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

Post balance sheet events

In May 2022, the Group acquired 100% share capital of J S . Care Limited for total consideration of £14m. J S . Care Limited is a care provider to people with learning disabilities and complex needs. The trade and assets were hived up into Achieve Together Limited, a subsidiary, on the date of acquisition.

Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

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



.....
G J Fitton
Director

Date: 28 June 2022

Community Services Building
Poolemead
Watery Lane
Twerton
Bath
BA2 1RN

GALAXY GROUP BIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALAXY GROUP BIDCO LIMITED

Opinion

We have audited the financial statements of Galaxy Group Bidco Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 28 February 2022, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies.

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 28 February 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were:

- an inability to achieve the revenue growth targets in the group's business plan; and
- an inability to fund inflationary increases in the cost base, above those modelled into the management's projections.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

- critically assessing assumptions in the directors' base case and downside scenarios relevant to liquidity and covenant metrics, in particular in relation to occupancy levels, revenue growth and cost inflation compared to recent past experience and known factors influencing the future such as increases in National Minimum

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALAXY GROUP BIDCO LIMITED
(CONTINUED)**

Wage.

- assessing whether downside scenarios applied mutually consistent and severe assumptions in aggregate, using our assessment of the possible range of each key assumption and our knowledge of inter-dependencies.
- we compared past budgets to actual results to assess the directors' track record of budgeting accuracy.
- we inspected the group's current financing facilities to confirm the level of committed facilities and the associated covenant requirements.
- As the Group is reliant on Galaxy Group Midco Limited not seeking repayment of the amounts currently owed to them, which at 28 February 2022 amounted to £255.3m, we assessed the risk that this support would not be available. We inspected letters received by the directors indicating Galaxy Group Midco Limited intention to ensure that it does not seek repayment of the amounts due to them, examined financial statements to assess its ability to provide this support over the period of the entity's going concern assessment, and assessed the business reasons why the company may or may not choose to provide this support.
- we considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.
- we found the going concern disclosure in note 2 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

GALAXY GROUP BIDCO LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALAXY GROUP BIDCO LIMITED
(CONTINUED)**

As required by auditing standards, and taking into account possible pressures to meet budget targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Group's sales consist of large volumes of predictable low-value recurring service incomes, which are largely billed and recognized automatically and which do not require any significant judgements to determine revenue recognition.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts associated with cash.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, employment law, and health and social care regulations, recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

GALAXY GROUP BIDCO LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALAXY GROUP BIDCO LIMITED
(CONTINUED)**

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

- we have not identified material misstatements in the Group Strategic Report and the Directors' Report;
- in our opinion the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and;
- in our opinion the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

GALAXY GROUP BIDCO LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALAXY GROUP BIDCO LIMITED
(CONTINUED)**

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 Group financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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



Mark Sheppard (Senior Statutory Auditor)

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

1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

28 June 2022

GALAXY GROUP BIDCO LIMITED

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	Note	2022 £000	2021 £000
Turnover	4	209,366	190,916
Cost of sales		(136,426)	(117,292)
Gross profit		72,940	73,624
Administrative expenses		(60,108)	(57,444)
Other operating income	5	4,635	6,602
Operating profit	6	17,467	22,782
Loss on disposal of fixed assets		(4,512)	(1,380)
Fixed asset impairments	13	(10,072)	-
Interest receivable and similar income	9	5,696	267
Interest payable and similar expenses	10	(33,061)	(30,212)
Loss before tax		(24,482)	(8,543)
Tax on loss	11	(8,818)	(3,583)
Loss for the financial year		(33,300)	(12,126)

The consolidated income statement has been prepared on the basis that all operations are continuing.

The notes on pages 23 to 47 form part of these financial statements.

GALAXY GROUP BIDCO LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	Note	2022 £000	2021 £000
Loss for the financial year		(33,300)	(12,126)
Total comprehensive income for the year		<u>(33,300)</u>	<u>(12,126)</u>

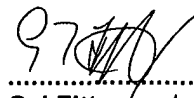
The notes on pages 23 to 47 form part of these financial statements.

GALAXY GROUP BIDCO LIMITED
REGISTERED NUMBER: 11112428

CONSOLIDATED BALANCE SHEET
AS AT 28 FEBRUARY 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	12	129,634	129,626
Tangible assets	13	485,005	478,120
		<u>614,639</u>	<u>607,746</u>
Current assets			
Debtors	16	36,468	24,151
Cash at bank and in hand		15,626	31,086
		<u>52,094</u>	<u>55,237</u>
Creditors: amounts falling due within one year	17	(281,236)	(258,953)
Net current liabilities		<u>(229,142)</u>	<u>(203,716)</u>
Total assets less current liabilities		<u>385,497</u>	<u>404,030</u>
Creditors: amounts falling due after more than one year	18	(263,685)	(255,674)
Provisions for liabilities			
Deferred taxation	21	(45,320)	(38,549)
Other provisions	22	(672)	(687)
		<u>(45,992)</u>	<u>(39,236)</u>
Net assets		<u><u>75,820</u></u>	<u><u>109,120</u></u>
Capital and reserves			
Called up share capital	23	1,378	1,378
Share premium account		151,822	151,822
Profit and loss account		(77,380)	(44,080)
Total shareholder's funds		<u><u>75,820</u></u>	<u><u>109,120</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
G J Fittor
Director

Date: 28 June 2022

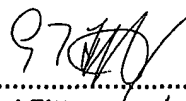
The notes on pages 23 to 47 form part of these financial statements.

GALAXY GROUP BIDCO LIMITED
REGISTERED NUMBER: 11112428

COMPANY BALANCE SHEET
AS AT 28 FEBRUARY 2022

	Note	2022 £000	2021 £000
Fixed assets			
Investments	14	488,430	290,823
		<u>488,430</u>	<u>290,823</u>
Current assets			
Debtors	16	148,666	330,111
Cash at bank and in hand		-	4
		<u>148,666</u>	<u>330,115</u>
Creditors: amounts falling due within one year	17	(275,526)	(240,430)
Net current (liabilities)/assets		<u>(126,860)</u>	<u>89,685</u>
Total assets less current liabilities		<u>361,570</u>	<u>380,508</u>
Creditors: amounts falling due after more than one year	18	(263,685)	(255,674)
Net assets		<u>97,885</u>	<u>124,834</u>
Capital and reserves			
Called up share capital	23	1,378	1,378
Share premium account		151,822	151,822
Profit and loss account		(55,315)	(28,366)
Total shareholder's funds		<u>97,885</u>	<u>124,834</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



G J Fitton
 Director

Date: 28 June 2022

The notes on pages 23 to 47 form part of these financial statements.

GALAXY GROUP BIDCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 March 2021	1,378	151,822	(44,080)	109,120
Comprehensive income for the year				
Loss for the year	-	-	(33,300)	(33,300)
At 28 February 2022	1,378	151,822	(77,380)	75,820

The notes on pages 23 to 47 form part of these financial statements.

GALAXY GROUP BIDCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 March 2020	1,378	151,822	(31,954)	121,246
Comprehensive income for the year				
Loss for the year	-	-	(12,126)	(12,126)
At 28 February 2021	1,378	151,822	(44,080)	109,120

The notes on pages 23 to 47 form part of these financial statements.

GALAXY GROUP BIDCO LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 March 2021	1,378	151,822	(28,366)	124,834
Comprehensive income for the year				
Loss for the year	-	-	(26,949)	(26,949)
At 28 February 2022	1,378	151,822	(55,315)	97,885

The notes on pages 23 to 47 form part of these financial statements.

GALAXY GROUP BIDCO LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 March 2020	1,378	151,822	(18,464)	134,736
Comprehensive income for the year				
Loss for the year	-	-	(9,902)	(9,902)
At 28 February 2021	1,378	151,822	(28,366)	124,834

The notes on pages 23 to 47 form part of these financial statements.

GALAXY GROUP BIDCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Loss for the financial year		(33,300)	(12,126)
Adjustments for:			
Amortisation of intangible assets	12	7,684	7,428
Depreciation of tangible assets	13	17,204	15,248
Impairments of fixed assets	13	10,072	-
Loss on disposal of tangible assets		4,512	1,380
Interest paid	10	33,061	30,212
Interest received	9	(5,696)	(267)
Taxation charge	11	8,818	3,583
(Increase)/decrease in debtors		(7,908)	2,484
Increase/(decrease) in creditors		2,471	(7,998)
Corporation tax (paid)		(4,978)	(5,378)
Net cash generated from operating activities		31,940	34,566
Cash flows from investing activities			
Acquisition of new businesses (net of cash acquired)	15	(29,212)	(14,373)
Purchase of tangible fixed assets		(16,349)	(11,626)
Proceeds from sale of tangible fixed assets		2,785	1,047
Interest received	9	11	30
Net cash from investing activities		(42,765)	(24,922)
Cash flows from financing activities			
Proceeds from loan draw-downs		11,753	17,220
Repayment of loans		(2,662)	-
Loan re-financing fees		(3,907)	-
Interest paid		(9,819)	(11,490)
Net cash used in financing activities		(4,635)	5,730
Net (decrease)/increase in cash and cash equivalents		(15,460)	15,374
Cash and cash equivalents at beginning of year		31,086	15,712
Cash and cash equivalents at the end of year		15,626	31,086

The notes on pages 23 to 47 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

1. General information

Galaxy Group Bidco Limited (the "Company") is a Company limited by shares and incorporated in the United Kingdom and is registered in England and Wales. The address of the registered office is given on the Company Information page. The nature of the Group's operations and its operational and its principal activities are set out in the strategic report on pages 1 to 4.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income Statement in these financial statements. The loss for the financial period is £26,949,000 (2021: £9,902,000).

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

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

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

The following principal accounting policies have been applied:

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102.

2.3 Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons. At the balance sheet date the Group had cash balances of £15.6m, net assets of £75.8m, and net current liabilities of £229.1m including £255.3m of inter-company debt owed to its parent company, Galaxy Group Midco Limited.

In making their assessment the directors have prepared projected cash flow information for the Group for the period of twelve months from the date of the approval of these financial statements. The projections include impact on occupancy levels and current challenges faced in the industry around employment in the care sector. Based on these projections, the directors believe they will operate within the existing facilities and that all banking covenants (tested at a group level) will be met.

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

The forecasts for the Group are dependent on various group companies controlled by Galaxy Group Midco Limited not seeking repayment of the amounts currently owed by the Group, which at 28 February 2022 amounted to £255.3m. Galaxy Group Midco Limited has indicated that it will ensure that its subsidiaries do not seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so, particularly as the individual companies involved do not have any expected cash requirements during the projection period.

Consequently, the directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

2. Accounting policies (continued)

2.4 Turnover

Turnover represents amounts receivable for the provision of care and rental income associated with the accommodation provided to people supported. Income is recognised in line with the duration of the care provision, with amounts received in advance treated as deferred income with creditors.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the income statement on a straight line basis over the lease term.

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

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Consolidated Income Statement in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in the income statement using the effective interest method.

2.8 Finance costs

Finance costs are charged to the income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.9 Borrowing costs

All borrowing costs are recognised in the income statement in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

2. Accounting policies (continued)

2.11 Business combinations

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

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

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

2.12 Intangible assets

Goodwill and amortisation

Goodwill

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

Amortisation

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

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

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

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

2.13 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Buildings	- 50 years
Motor vehicles	- 4 years
Fixtures and fittings	- 2-5 years
Property improvements	- 20 years

Land is not depreciated. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

2.14 Impairment of fixed assets

Assets that are subject to depreciation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.15 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the country where the Company and the Group operate and generate income.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

2. Accounting policies (continued)

2.16 Current and deferred taxation (continued)

allowances have been met; and

- Where they relate to timing differences in respect of interests in subsidiaries and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.17 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.20 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Income Statement.

Derivatives, such as interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

2. Accounting policies (continued)

2.20 Financial instruments (continued)

measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate derivatives.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key source of estimation uncertainty

In applying the Group's accounting policies various transactions and balances are valued using estimates or assumptions. Should these estimates or assumptions prove incorrect, there may be an impact on the following year's financial statements.

Our fair value assessments on acquisitions and carrying value of goodwill relies on forecasts of future cash flows, which are inherently uncertain. If actual performance differs from estimates, resulting in future cash flows being higher or lower than anticipated, the fair value on fixed assets or carrying value of goodwill may potentially become impaired.

Critical accounting judgements

In the course of preparing the financial statements, no judgements have been made in the process of applying the Group's accounting policies, other than those involving estimations (which are dealt with separately above), that have had a significant effect on the amounts recognised in the financial statements.

4. Turnover

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

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

5. Other operating income

	2022	2021
	£000	£000
Government grant - Workforce recruitment and retention funding	922	-
Government grant - Coronavirus emergency funding	831	2,872
Government grant - Coronavirus infection control funding	2,739	2,701
Government grant - Coronavirus job retention scheme	143	1,029
	4,635	6,602

6. Operating profit

The operating profit is stated after charging:

	2022	2021
	£000	£000
Depreciation on tangible fixed assets	17,204	15,248
Amortisation on intangible assets	7,684	7,428
Operating leases - Property	2,878	3,487
Operating leases - Plant and machinery	724	695
Auditors' remuneration	271	300

The audit fee relating to the Company was £10,000 (2021: £10,000).

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Wages and salaries	117,139	112,959	-	-
Social security costs	9,017	8,862	-	-
Pension costs	2,265	2,058	-	-
	128,421	123,879	-	-

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

	2022 No.	2021 No.
Management and administration	335	344
People supported care and estate maintenance	5,568	5,398
	5,903	5,742

8. Directors emoluments

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Emoluments for qualifying services	1,300	1,114	-	-
Pension costs	13	22	-	-
	1,313	1,136	-	-

The highest paid director received remuneration of £662,000 (2021 - £715,000). The value of the company's contributions paid to a defined contribution pension scheme in respect to the highest paid director amounted to £7,000 (2021 - £10,000).

Directors' emoluments above only account for those directors that are employed by the Group. The remaining directors either received remuneration from AMP Capital in respect of their services or were not remunerated for their services. The portion of remuneration for directors employed by AMP Capital to the Group is £nil (2021: £nil).

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

9. Interest receivable and similar income

	2022 £000	2021 £000
Gain on interest rate swaps measured at fair value through the income statement	5,685	237
Interest on bank deposits	11	30
	<u>5,696</u>	<u>267</u>

10. Interest payable and similar expenses

	2022 £000	2021 £000
On bank overdrafts and loans	11,290	11,405
Amortisation of finance fees	2,862	1,301
On shareholder loans	18,909	17,506
	<u>33,061</u>	<u>30,212</u>

11. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on loss for the year	3,821	4,219
Adjustments in respect of previous periods	(222)	(1,407)
Total current tax	<u>3,599</u>	<u>2,812</u>
Deferred tax		
Origination and reversal of timing differences	(5,561)	974
Adjustment in respect of prior years	276	(203)
Effects on changes in tax rates	10,504	-
Total deferred tax	<u>5,219</u>	<u>771</u>
Taxation on loss	<u>8,818</u>	<u>3,583</u>

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

11. Taxation (continued)

Factors affecting tax charge for the year

	2022	2021
	£000	£000
Loss before tax	(24,482)	(8,543)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(4,652)	(1,623)
Effects of:		
Expenses not deductible for tax purposes	1,024	1,528
Impact of tax rate changes	10,504	4,234
Adjustments to tax charge in respect of prior periods	54	(1,610)
Fixed asset differences - ineligible depreciation	2,278	1,054
Fixed asset super deduction	(390)	-
Total tax charge for the year	8,818	3,583

Factors that may affect future tax charges

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the COVID-19 pandemic. These included an increase to the UK's main corporation tax rate from 19% to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted on 24 May 2021; therefore the closing deferred tax balances have been calculated at this rate were they are expected to unwind after 1 April 2023.

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

12. Intangible assets

Group

	Goodwill £000
Cost	
At 1 March 2021	149,529
On acquisitions (note 15)	7,692
	<u>157,221</u>
At 28 February 2022	<u>157,221</u>
Amortisation	
At 1 March 2021	19,903
Charge for the year	7,684
	<u>27,587</u>
At 28 February 2022	<u>27,587</u>
Net book value	
At 28 February 2022	<u><u>129,634</u></u>
At 28 February 2021	<u><u>129,626</u></u>

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

During the year, goodwill additions arose from the acquisition of the Group's subsidiaries, SG Care Group Limited, Sussex Empowered Living Ltd, AT UHL Limited (formerly United Health Limited) and the acquisition of trade and assets run by the Royal National Institute for Deaf people.

The Company had no intangible fixed assets at 28 February 2022 (2021: £nil).

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

13. Tangible fixed assets

Group

	Freehold property £000	Motor vehicles £000	Fixtures and fittings £000	Property improvements £000	Total £000
Cost or valuation					
At 1 March 2021	425,986	3,160	22,944	66,148	518,238
Additions	5,855	434	6,813	3,247	16,349
Acquisitions	24,954	22	133	-	25,109
Disposals	(7,073)	(27)	(645)	(623)	(8,368)
At 28 February 2022	<u>449,722</u>	<u>3,589</u>	<u>29,245</u>	<u>68,772</u>	<u>551,328</u>
Depreciation					
At 1 March 2021	20,799	1,638	12,369	5,312	40,118
Charge for the year	8,719	704	6,575	1,206	17,204
Disposals	(340)	(17)	(589)	(125)	(1,071)
Impairment charges	10,072	-	-	-	10,072
At 28 February 2022	<u>39,250</u>	<u>2,325</u>	<u>18,355</u>	<u>6,393</u>	<u>66,323</u>
Net book value					
At 28 February 2022	<u>410,472</u>	<u>1,264</u>	<u>10,890</u>	<u>62,379</u>	<u>485,005</u>
At 28 February 2021	<u>405,187</u>	<u>1,522</u>	<u>10,575</u>	<u>60,836</u>	<u>478,120</u>

At the year end, the directors had identified a number of properties that will be disposed of. Impairment provisions have been recognised to reduce the carrying value to the estimated disposal proceeds.

All tangible fixed assets are pledged as security against the Group external loan. See note 19 for further details.

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

14. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 March 2021	290,823
Arising on group reorganisation	197,607
At 28 February 2022	488,430

The Company's indirect investments in Achieve Together Limited and Care Management Group Limited became direct investments. The net impact of the rationalisation after reflecting dividends received was a £197.6m decrease in amounts due from intercompany and net current liabilities. This was offset by an increase to investments by £197.6m which in substance reflects the conversion of amounts owed to the company by subsidiaries into equity. No gains or losses were recognised as part of the rationalisation.

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Achieve Together Limited	England	Providers of care for people with learning disabilities	Ordinary	100%
Care Management Group Limited	England	Dormant	Ordinary	100%
The Regard ACH Holdco Limited	England	Dormant	Ordinary	100%

GALAXY GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

14. Fixed asset investments (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Oscarvale Ltd	England	Provision of accommodation for people with learning disabilities	Ordinary	100%
Southfields Care Homes Limited	England	Dormant	Ordinary	100%
SG Care Group Limited*	England	Dormant	Ordinary	100%
Sussex Empowered Living Limited*	England	Dormant	Ordinary	100%
AT UHL Limited (formerly United Health Limited)*	England	Dormant	Ordinary	100%
New Partnerships Limited	England	Dormant	Ordinary	100%
Solar Care Homes Limited	England	Dormant	Ordinary	100%
DE Healthcare (Midlands) Limited	England	Dormant	Ordinary	100%
Dunstall Enterprises Limited	England	Dormant	Ordinary	100%
Progress Pathways Limited	England	Dormant	Ordinary	100%
Montana Healthcare Limited	England	Dormant	Ordinary	100%
Care View Services Limited	England	Dormant	Ordinary	100%
Careview Caring Support Services Limited	England	Dormant	Ordinary	100%
CMG Homes Limited	England	Provision of accommodation for people with learning disabilities	Ordinary	100%
Care Management Group (Cymru) Limited	England	Provision of care for people with learning disabilities	Ordinary	100%
Wherewelcome Care Group Limited	England	Dormant	Ordinary	100%
Wherewelcome Limited	England	Dormant	Ordinary	100%
The Regard (Group) Bidco Limited**	England	Dormant	Ordinary	100%
Aitch Care Homes (London) Limited	England	Dormant	Ordinary	100%
Creative Support and Consultancy Limited	England	Dormant	Ordinary	100%
Penny Meadow Life Skills Limited**	England	Dormant	Ordinary	100%
CMG (Enfield) Limited	England	Dormant	Ordinary	100%
Alderwood L.L.A. Limited	England	Dormant	Ordinary	100%

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

14. Fixed asset investments (continued)

Indirect subsidiary undertakings (continued)

*Prior to the hive-up of the assets in the current period, the principal activity of these companies was running care homes.

**Following a group rationalisation project, these companies were dissolved after the year end.

All companies, with the exception of Oscarvale Ltd, are registered at Community Services Building, Poolemead, Watery Lane, Twerton, Bath, BA2 1RN. Oscarvale Ltd's registered office is at 2 Regent Park, 37 Booth Drive, Park Farm Industrial Estate, Wellingborough, NN8 6GR.

15. Business combinations

1. Acquisition of trade and assets run by the Royal National Institute for Deaf people.

On 29 June 2021, the Group acquired the trade and assets of 29 homes run by the Royal National Institute for Deaf people for £10,612,000 including costs. 11 freehold properties were also acquired as part of the deal. The business cares for people with hearing disabilities. The business contributed £10,040,000 revenue and £1,656,000 operating profit for the period.

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

	Book value	Fair value adjustment (provisional)	Recognised values on acquisition
	£000	£000	£000
Tangible fixed assets	9,900	-	9,900
Trade and other creditors	(143)	-	(143)
	<u>9,757</u>	<u>-</u>	<u>9,757</u>
Initial cash consideration relating to business combination			9,800
Costs directly attributable to the business combination			812
Total consideration			<u>10,612</u>
Goodwill on acquisition			<u>855</u>

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

15. Business combinations (continued)

2. Acquisition of AT UHL Limited (formerly United Health Limited)

On 3 August 2021, the Group acquired 100% of the shares of AT UHL Limited for £16,631,000 including costs. The company cares for people with learning disabilities. The business contributed £2,899,000 revenue and £1,029,000 operating profit for the period.

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

	Book value	Fair value adjustment (provisional)	Recognised values on acquisition
	£000	£000	£000
Tangible fixed assets	11,699	2,735	14,434
Trade and other debtors	45	-	45
Cash	1,124	-	1,124
Trade and other creditors	(481)	-	(481)
Corporation tax	(359)	-	(359)
Deferred tax liabilities	(577)	(866)	(1,443)
	11,451	1,869	13,320
Initial cash consideration relating to business combination			16,542
Costs directly attributable to the business combination			89
Total consideration			16,631
Goodwill on acquisition			3,311

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

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

15. Business combinations (continued)

3. Acquisition of Sussex Empowered Living Ltd

On 29 September 2021, the Group acquired 100% of the shares of Sussex Empowered Living Limited for £4,376,000 including costs. The company cares for people with learning disabilities. The business contributed £666,000 revenue and £238,000 operating profit for the period.

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

	Book value	Fair value adjustment (provisional)	Recognised values on acquisition
	£000	£000	£000
Tangible fixed assets	16	-	16
Trade and other debtors	252	-	252
Cash	1,119	-	1,119
Trade and other creditors	(69)	-	(69)
Corporation tax	(214)	-	(214)
	<u>1,104</u>	<u>-</u>	<u>1,104</u>
Initial cash consideration relating to business combination			3,730
Deferred cash consideration			598
Costs directly attributable to the business combination			48
Total consideration			<u>4,376</u>
Goodwill on acquisition			<u>3,272</u>

GALAXY GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

15. Business combinations (continued)

4. Acquisition of SG Care Group Limited

On 2 February 2022, the Group acquired 100% of the shares of SG Care Group Limited for £659,000 including costs. In addition, the associated property was acquired for £300,000 on the same day. SG Care Group Limited cares for people with learning disabilities. The business contributed £35,000 revenue and £12,000 operating profit for the period.

The provisional fair value and book value of net assets acquired is as follows:

	Book value	Fair value adjustment (provisional)	Recognised values on acquisition
	£000	£000	£000
Tangible fixed assets	324	435	759
Trade and other debtors	23	-	23
Cash	56	-	56
Trade and other creditors	(19)	-	(19)
Corporation tax	(5)	-	(5)
Deferred tax liabilities	-	(109)	(109)
	<u>379</u>	<u>326</u>	<u>705</u>
Initial cash consideration relating to business combination			916
Costs directly attributable to the business combination			43
Total consideration			<u>959</u>
Goodwill on acquisition			<u>254</u>

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

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

16. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade debtors	19,337	13,649	-	-
Amounts owed by group undertakings	1,329	-	146,597	330,111
Other debtors	1,488	-	-	-
Prepayments and accrued income	10,415	9,443	-	-
Corporation tax receivable	1,830	1,059	-	-
Interest rate swaps	2,069	-	2,069	-
	36,468	24,151	148,666	330,111

Amounts owed by the group undertakings are repayable on demand but are not expected to be recovered in the next year.

17. Creditors: Amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade creditors	1,329	1,000	-	-
Amounts owed to group undertakings	255,273	235,034	273,587	236,363
Other taxation and social security	2,296	2,216	-	-
Loan interest accrual	1,939	451	1,939	451
Other creditors	7,807	3,382	-	-
Accruals and deferred income	12,592	13,254	-	-
Interest rate swaps	-	3,616	-	3,616
	281,236	258,953	275,526	240,430

Amounts owed to group undertakings are repayable on demand but are not expected to be paid in the next year.

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

18. Creditors: Amounts falling due after more than one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Bank loans (see note 19)	263,685	255,674	263,685	255,674
	263,685	255,674	263,685	255,674

19. Loans

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Amounts falling due 1-2 years				
Bank loan	-	258,385	-	258,385
Finance Costs	-	(2,711)	-	(2,711)
Amounts falling due 2-5 years				
Bank loan	267,476	-	267,476	-
Finance costs	(3,791)	-	(3,791)	-
	263,685	255,674	263,685	255,674

On December 2021, the Company refinanced its existing loan facility and is now repayable in December 2026. The new loan facility amounted to £267.5m (2021: £258.4m)

Interest is payable at SONIA plus a margin which varies between 3% and 4%.

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

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

20. Financial instruments

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Financial assets				
Financial assets measured at fair value through profit or loss	<u>2,069</u>	<u>-</u>	<u>2,069</u>	<u>-</u>
Financial liabilities				
Liabilities measured at fair value through profit or loss	<u>-</u>	<u>(3,616)</u>	<u>-</u>	<u>(3,616)</u>

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

As part of the refinancing on the existing loan, the existing swaps continued at a nominal value of £175m (2021: £175m) at new rates of 1.2623% expiring in December 2026. The fair value of the swaps are included in the debtors note.

21. Deferred taxation

	Group 2022 £000	Group 2021 £000
At beginning of year	(38,549)	(35,989)
Impact of change in tax rate	(10,504)	(4,234)
Charge to the income statement	5,561	3,264
Adjustment in respect of prior periods	(276)	203
Arising on acquisitions	(1,552)	(1,793)
	<u>(45,320)</u>	<u>(38,549)</u>

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

21. Deferred taxation (continued)

	Group 2022 £000	Group 2021 £000
Fixed asset timing difference	(8,731)	(3,630)
Short term timing difference	14,756	7,860
Arising on business combinations	(51,345)	(42,779)
	<u>(45,320)</u>	<u>(38,549)</u>

22. Provisions

Group

	Property dilapidation provision £000
At 1 March 2021	687
Utilised in the year	(15)
At 28 February 2022	<u>672</u>

The property provision relates to the cost of bringing the properties back to the required state of repair at the end of the lease in 2034.

23. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
1,377,670 (2021 - 1,377,670) Ordinary shares of £1.00 each	<u>1,378</u>	<u>1,378</u>

GALAXY GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

24. Pension commitments

The Group operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered pension funds. The pension cost charge includes contributions payable by the Group of £2,265k (2021: £2,058k).

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

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

25. Commitments under operating leases

At 28 February 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £000	Group 2021 £000
Land and buildings		
Within 1 year	1,737	1,998
Later than 1 year and not later than 5 years	4,676	5,883
Later than 5 years	5,139	6,194
	<u>11,552</u>	<u>14,075</u>
	Group 2022 £000	Group 2021 £000
Other		
Within 1 year	360	481
Later than 1 year and not later than 5 years	253	567
	<u>613</u>	<u>1,048</u>

26. Other financial commitments

All companies within the Group have guaranteed the Group's obligations under the Group bank facility. The total liability for the loan at year end is £267.5m (2021: £258.4m).

GALAXY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

27. Related party transactions

A total of £255m was owed to Galaxy Group Midco Limited at the year end (2021: £236m) which includes £3.3m of interest accrual (2021: £3m). No interest or fees were paid to during the year in relation to this loan.

28. Controlling party

The Company is a subsidiary undertaking of Galaxy Group Midco Limited and the ultimate Parent Company is AMP Capital Investors (European Infrastructure No 5) S.à.r.l. Incorporated in Luxembourg. The Company is held by funds managed by AMP Capital Investments (UK) Limited which is incorporated in the UK.

The largest Group into which the results of the Company are consolidated is Galaxy Group Midco Limited. The consolidated financial statements of both company may be obtained from 3rd Floor 11-12 St. James's Square, London, SW1Y 4LB.

29. Post balance sheet events

In May 2022, the Group acquired 100% share capital of J S . Care Limited for total consideration of £14m. J S . Care Limited is a care provider to people with learning disabilities and complex needs. The trade and assets were hived up into Achieve Together Limited, a subsidiary, on the date of acquisition.