Galaxy Group Midco Limited

Annual Report and Financial Statements

For the year ended 28 February 2021

Registered number: 11112295

Galaxy Group Midco Limited

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Contents | Page

Galaxy Group Midco Limited

Officers and Professional Advisers

Directors

M Aggarwal	
G Fitton	(Appointed 4 June 2020)
A Small	(Appointed 1 April 2021)
D Pilbrow	(Appointed 1 July 2020 and resigned 1 April 2021)
K Solway	(Resigned 6 August 2020)
M Brown	(Resigned 23 June 2020)

Secretary

G J Fitton

Registered Office

3rd Floor
11 – 12 St James Square
London
SW1Y 4LB

Banker

Barclays Bank plc
London

Auditor

KPMG LLP
Statutory Auditor
1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Galaxy Group Midco Limited

Strategic Report

Principal activities and review of the business

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

Review of the business

The Group's results are in line with expectations.

The key financial highlights are as follows:

	Year ended 28 February 2021 £'000	Year ended 29 February 2020 £'000
Turnover	190,916	183,864
Operating profit margin	12%	7%
Loss before tax	(8,543)	(21,499)

Key performance indicators for the Group include the following –

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

The Group made three acquisitions during the financial year: Progress Pathways Limited (27 April 2020), Montana Healthcare Limited (3 August 2020) and Care View Services Limited (29 January 2021).

As at February 2021, the Group provided care across approximately 380 services which comprised 2,392 available bedrooms. The occupancy rate within those services was in excess of 88%.

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

The improved operating margin was largely driven by a provision release of £5,702k (See note 5)

Proposed dividend
The directors do not recommend the payment of a dividend.

Management team

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

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

Future prospects and events

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

Principal risks and uncertainties

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

The Covid-19 pandemic is an unprecedented situation which has and will impact operations in the short-term. The Group continues to follow government guidelines and has received specific funding as the company absorbs additional costs for items such as personal protective equipment. However, the Group is continuing to deliver core care services and is not expecting a significant reduction in revenue. Budget stress testing indicates the business can operate within funding covenants for at least 12 months from the date of approval of the financial statements.

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 at 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 period has been that committed facilities are maintained at levels to ensure all planned requirements are met.

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

Going concern

The 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 £31.1m, net assets of £107.8m, and net current assets of £31.3m.

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 the impact of Covid-19 on the company’s plans and future forecast, including the impact on occupancy levels, employment and other incremental costs such as personal protection equipment. These projections reflect the company’s experience of operating throughout the COVID-19 pandemic since March 2020. Based on these projections, the directors believe they will operate within existing facilities and that all banking covenants will be met. Other than interest costs, there are no repayment obligations under the Group’s external financing facilities until 2023.

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

Consequently, the directors are confident that the Group and the company will have sufficient funds to continue to meet its liabilities 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.

Director’s duties – compliance with s172 of Companies Act 2006

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

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

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

Stakeholders

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

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

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

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

People we support

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

Employees

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

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

Suppliers

The supply chain is fundamental to the Group's business as a provider of residential care, outreach care and supported living services for people with learning disabilities and complex needs including mental health needs.

The Group's policy is to settle terms of payment with suppliers when agreeing the term of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

Community

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

Standards of Business Conduct

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

Acting Fairly Between Members

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

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

G J Fitton
Director

23 June 2021

Registered Office
3rd Floor
11 – 12 St James Square
London
SW1Y 4LB

Galaxy Group Midco Limited

Directors' Report

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

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

Directors

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

Director's indemnities

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

C**orporate Governance Report**
For the year ended 28 February 2021, under the Regulations, the Company has applied the Wates Corporate Governance Principles (as published by the Financial Reporting Council in December 2018). Our application of each principle is outlined below.

Principle 1 – Purpose and Leadership

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

Values: our core values are as follows:

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

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

Galaxy Group Midco Limited

Directors' Report (continued)

Principle 2 – Board Composition
The Board actively works to improve the diversity at every level of our business. Diversity, equality and gender parity are business priorities of the Group. The Group has made progress in female representation at the top level of our organisation. The Board's directors keep their knowledge, skills and familiarity with the business up-to-date by engaging with senior management and by updating with internal and external training.

Principle 3 – Director Responsibilities
The Board as a whole includes the right level of skills and experience to cater for the needs of the business and provides focus on operational governance. The Board receives regular reports from Management at its meetings, reviews the information provided and provides appropriate challenge. The data provided to the Board is continuously reviewed and enhanced where necessary to ensure that the right focus is applied to performance against strategy.

Principle 4 – Opportunity and Risk
The Board is responsible for strategic decision-making and risk management to retain the success of the Group by identifying opportunities to create and preserve value. The Board receives regular reports which includes identification and mitigation of the risks to the business.

Principle 5 – Remuneration
One of the objectives of the Remuneration Committee is to attract and retain talented and experienced executives accordingly, compensation is set at a level competitive with the market. The Compensation Programme is applicable to the Company's directors, uses a combination of base pay and incentive programmes linked to financial and strategic performance objectives.

Principle 6 – Stakeholders
As a provider of residential care, outreach care and supported living services for people with learning disabilities and complex needs including mental health needs business providing a range of outsourced services to its clients, the Group recognises the impact its operations have on a wide range of stakeholders, particularly its employees, customers and suppliers. Stakeholder engagement is embedded at all levels of the organisation with clear direction from the Board and senior Management.

Streamlined Energy and Carbon Reporting

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 manager energy consumption we upgrade lighting 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 261 sites that are included within this reporting period, where electricity and gas are the primary and only utilities used. The Company also owned 171 company cars, 20 vans, and leased a further 86 cars and 16 vans, as well as having staff mileage claims.

- Scope 1 emissions consist of natural gas usage within the sites, as well as diesel and petrol used for owned and leased vehicles.
- Scope 2 consists of electricity usage within the sites, as well as electricity used for vehicles.
- Partial scope 3 emissions are from grey fleet mileage.

Directors' Report (continued)

As the business continues to grow, the Directors consider the most appropriate intensity ratio measurement is by calculating the energy consumed and CO2 emissions by the number of beds in the Group. The ratio for the year ended 28 February 2021 are 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.

Year ended 28 February 2021	kWh	tCO_2e
Scope 1	17,972,760	3,493
Scope 2	5,610,285	1,308
Scope 3	1,457,385	362
Gross Total	**25,040,430**	**5,163**
Renewable Electricity	(5,605,920)	(1,433)
Net Total	**19,434,510**	**3,730**
Intensity Ratio	2.71	tCO_2e/bed
Intensity Ratio Target	2.58	tCO_2e/bed

Disclosure of information to auditor

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

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

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

G J Fitton
Director

23 June 2021

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3rd Floor
11 – 12 St James Square
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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

Opinion

We have audited the financial statements of Galaxy Group Midco Limited ("the Group") for the year ended 28 February 2021 which comprise the Consolidated Profit and Loss Account, Consolidated Balance sheet, Company balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 28 February 2021 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. 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 increases in the cost base arising from further COVID-19 related disruption to the business.

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 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.
- we considered whether the going concern disclosure in note 1 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.

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 – ability to detect

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, the audit committee and internal audit 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALAXY GROUP MIDCO LIMITED (Continued)

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.

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they 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

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALAXY GROUP MIDCO LIMITED (Continued)

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

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

Mark Sheppard (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Date: 23 June 2021

Galaxy Group Midco Limited

Consolidated Profit and Loss Account
Year ended 28 February 2021

	Notes	Year ended 28 February 2021 £'000	Year ended 29 February 2020 £'000
Turnover	**2**	190,916	183,864
Grant Income	**3**	6,602	-
Cost of sales (Including £5,702k provision release see note 5)		(117,292)	(116,575)
Gross profit		80,226	67,289
Administrative expenses		(57,444)	(55,249)
Operating profit		22,782	12,040
Interest receivable		30	39
Interest payable and similar charges	**8**	(29,975)	(31,096)
Loss on disposal of fixed assets		(1,380)	(2,482)
Loss before taxation	**4**	(8,543)	(21,499)
Tax credit / (charge) on loss	**10**	(3,583)	1,187
Loss for the period after taxation		(12,126)	(20,312)

The accompanying notes on pages 20 to 42 form part of the financial statements.

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

Galaxy Group Midco Limited

Consolidated Balance Sheet
As at 28 February 2021

	Notes	28 February 2021 £'000	29 February 2020 £'000
Fixed assets			
Intangible assets	11	129,626	135,520
Tangible assets	12	478,120	469,524
		607,746	605,044
Current assets			
Debtors	15	24,151	25,293
Cash at bank and in hand		31,086	15,712
		55,237	41,005
Creditors: amounts falling due within one year	16	(23,920)	(33,446)
Net current assets		31,317	7,559
Total assets less current liabilities		639,063	612,603
Creditors: amounts falling due in more than one year	17	(492,037)	(456,011)
Provisions for liabilities and charges	19	(39,236)	(36,676)
Net assets		107,790	119,916
Capital and reserves			
Called up share capital	21	1,378	1,378
Share premium reserve	22	151,822	151,822
Profit and loss account		(45,410)	(33,284)
Total shareholder's funds		107,790	119,916

The accompanying notes on pages 20 to 42 form part of the financial statements.

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

G J Fitton
Director

23 June 2021

Galaxy Group Midco Limited

Company Balance Sheet
As at 28 February 2021

	Notes	28 February 2021 £'000	29 February 2020 £'000
Fixed assets			
Investments	13	153,200	153,200
Current assets			
Debtors	15	236,363	217,529
Cash at bank and in hand		-	-
		236,363	217,529
Creditors: amounts falling due within one year	16	(1,329)	-
Net current assets		235,034	217,529
Total assets less current liabilities		388,234	370,729
Creditors: amounts falling due in more than one year	17	(236,363)	(218,858)
Net assets		151,871	151,871
Capital and reserves			
Called up share capital	21	1,378	1,378
Share premium reserve	22	151,822	151,822
Profit and loss account		(1,329)	(1,329)
Total shareholder's funds		151,871	151,871

The accompanying notes on pages 20 to 42 form part of the financial statements.

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

G J Fitton
Director

23 June 2021

Galaxy Group Midco Limited

Statement of Changes in Equity
Year ended 28 February 2021

Group

	Called-up share capital £'000	Share Premium £'000	Profit and loss account £'000	Total £'000
At 28 February 2019	1,378	151,822	(12,972)	140,228
Loss for the period and total comprehensive income for the period	-	-	(20,312)	(20,312)
Balance at 29 February 2020	1,378	151,822	(33,284)	119,916
Loss for the period and total comprehensive income for the period	-	-	(12,126)	(12,126)
Balance at 28 February 2021	1,378	151,822	(45,410)	107,790

The accompanying notes on pages 20 to 42 form part of the financial statements.

Galaxy Group Midco Limited

Statement of Changes in Equity
Year ended 28 February 2021

Company

	Called-up share capital £'000	Share Premium £'000	Profit and loss account £'000	Total £'000
At 28 February 2019	1,378	151,822	-	153,200
Loss for the period and total comprehensive income for the period	-	-	(1,329)	(1,329)
Balance at 29 February 2020	1,378	151,822	(1,329)	151,871
Loss for the period and total comprehensive income for the period	-	-	-	-
Balance at 28 February 2021	1,378	151,822	(1,329)	151,871

The accompanying notes on pages 20 to 42 form part of the financial statements.

Galaxy Group Midco Limited

Consolidated Cash Flow Statement
Year ended 28 February 2021

	Notes	Year ended 28 February 2021 £'000	Year ended 29 February 2020 £'000
Cash flows from operating activities			
Loss for the period		(12,126)	(18,982)
Adjustments for:			
Depreciation, amortisation and impairment	3	22,676	22,203
Interest receivable and similar income		(30)	(39)
Interest payable and similar charges	8	29,975	31,096
Loss on sale of tangible fixed assets		1,380	2,482
Taxation	10	3,583	(2,517)
		45,458	34,243
(Increase)/decrease in trade and other debtors		2,484	(6,685)
Decrease in trade and other creditors		(7,998)	(224)
		39,944	27,334
Tax Paid		(5,378)	(4,308)
Interest received		30	39
Net cash from operating activities		34,596	23,065
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)		(14,373)	(11,003)
Proceeds from sale of tangible fixed assets		1,047	341
Acquisition of tangible fixed assets		(11,626)	(14,717)
Net cash from investing activities		(24,952)	(25,379)
Cash flows from financing activities			
Proceeds from the issue of share capital		-	-
Proceeds from new loan		17,220	11,105
Repayment of borrowings		-	-
Interest paid		(11,490)	(9,864)
Net cash flows from financing activities		5,730	1,241
(Decrease)/Increase in net cash		15,374	(1,073)
Cash and cash equivalents at beginning of year		15,712	16,785
Cash and cash equivalents at end of year		31,086	15,712

The accompanying notes on pages 20 to 42 form part of the financial statements.

1 Accounting policies

The Galaxy Group Midco Limited (the "Company") is a Company limited by shares and incorporated and domiciled in the UK registered in England in the UK. The registered number is 1111295 and the registered address is Third Floor, 11 – 12 St James Square, London, SW1Y 4LB.

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

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

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

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

Judgements made by the directors, in the application of these accounting policies include the recoverability of goodwill (note 11) and the valuation of fixed assets (note 12).

1.1 Measurement convention

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

1.2 Going concern

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 £31.1m, net assets of £107.8m, and net current assets of £31.3m.

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 the impact of Covid-19 on the company's plans and future forecast, including the impact on occupancy levels, employment and other incremental costs such as personal protection equipment. These projections reflect the company's experience of operating throughout the COVID-19 pandemic since March 2020. Based on these projections, the directors believe they will operate within existing facilities and that all banking covenants will be met. Other than interest costs, there are no repayment obligations under the Group's external financing facilities until 2023.

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

Consequently, the directors are confident that the Group and the company will have sufficient funds to continue to meet its liabilities 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.

1.3 Basic financial instruments

Interest-bearing borrowings classified as basic financial instruments

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

Cash and cash equivalents

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

Trade and other debtors / creditors

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

1.4 Other financial instruments

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

1.5 Classification of financial instruments issued by the Group

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

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

1.6 Tangible fixed assets

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

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

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

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

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

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

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

1.7 Employee benefits

Defined contribution plans

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

1.8 Provisions

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

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

1.9 Taxation

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

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

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

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

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

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

1.10 Business combinations

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

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

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

1.11 Intangible assets, goodwill and negative goodwill

Goodwill

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

Amortisation

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

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

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

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

1.12 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 28 February 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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

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

1.13 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

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

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

Non-financial assets

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

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

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

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

1.14 Expenses

Operating lease

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

Finance lease

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

Interest receivable and Interest payable

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

1.15 Turnover

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

1.16 Grant Income

Grant Income represents amounts receivable in relation to the Covid-19 pandemic from local authorities for additional costs incurred in the organisation specific to items such a personal protective equipment as well as additional other costs including staff costs some of which were recovered through the furlough scheme.

2 Turnover

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

3 Grant Income

During the year, the Group recognised £6,602k of Grant income following the Covid-19 pandemic. This comprises of £2,872k of emergency funding, £2,701k of infection control revenue and £1,029k of furlough payment recovery.

Notes to the Financial Statements
Year ended 28 February 2021

4 Loss before tax

The loss before tax is stated after charging:

	Year ended 28 February 2020 £'000	Year ended 29 February 2020 £'000
Depreciation on tangible fixed assets	15,248	14,869
Amortisation of intangible assets	7,428	7,334
Operating lease costs:		
- Property	3,487	3,208
- Plant and machinery	695	1,027
Group rationalisation and reorganisation costs	2,556	2,391
Auditors' remuneration		
- audit-related assurance services	300	270
- taxation compliance services	100	132

The audit fee relating to the Company was £10,000 (2020: £10,000).

5 Cost of sales

Cost of sales includes a release of £5,702k in relation to backdated liabilities associated with paying national living wage for staff when they are sleeping in our services. As of 19 March 2021 following the Supreme Court ruling in a long running case between Mencap v Unison, the Court ruled in favour of Mencap. No future liabilities are expected to arise as a result of this.

Galaxy Group Midco Limited

Notes to the Financial Statements
Year ended 28 February 2021

6 Staff numbers and costs

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

	Year ended 28 February 2021 No.	Year ended 29 February 2020 No.
Administration	344	263
Care staff	5,398	5,163
	5,742	5,426

Employment costs	**£'000**	**£'000**
Wages and salaries	112,959	100,033
Social security costs	8,862	7,601
Other pension costs	2,058	1,841
	123,879	109,475

7 Directors Emoluments

	Year ended 28 February 2021 £'000	Year ended 29 February 2020 £'000
Emoluments for qualifying services	1,114	156
Company contributions to money purchase schemes	22	17
	1,136	173
Emoluments disclosed above include the following amounts paid to the highest paid Director:		
Emoluments for qualifying services	715	156
Company contributions to money purchase schemes	10	17

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 (2020: £nil).

8 Interest payable and similar charges

	Year ended 28 February 2021 £'000	Year ended 29 February 2020 £'000
On bank loans and overdrafts	11,405	10,243
Amortisation of finance fees	1,301	1,304
On shareholder loans	17,506	16,245
Interest payable	30,212	27,792
Fair value (gain) / losses on financial instruments	(237)	3,304
Interest payable and similar charges	29,975	31,096

9 Loss for the financial period

As permitted by section 408 of the Companies Act 2006, the holding Company's profit and loss account has not been included in these financial statements. The loss for the financial period is £nil (2020: £1,329k).

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

Notes to the Financial Statements
Year ended 28 February 2021

10 Tax on loss

	Year ended 28 February 2021 £'000	Year ended 29 February 2020 £'000
Current tax		
Current tax charge	4,219	3,279
Adjustment in respect of previous periods	(1,407)	1,423
Total current period tax	2,812	4,702
Deferred tax		
Origination and reversal of timing differences	974	(3,549)
Adjustment in respect of previous periods	(203)	(2,340)
Total deferred tax charge / (credit)	771	(5,889)
Tax charge / (credit) for the period	3,583	(1,187)

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

	Year ended 28 February 2021 £'000	Year ended 29 February 2020 £'000
Group loss before taxation	(8,543)	(21,449)
At standard rate of 19% (2020: 19%)	(1,623)	(4,085)
Effects of:		
Fixed asset differences – ineligible depreciation	1,054	1,160
Expenses not deductible for tax purposes (principally goodwill, amortisation and loan interest)	1,528	2,193
Impact of tax rate changes	4,234	462
Adjustments from previous period	(1,610)	(917)
Tax charge / (credit) for the period	3,583	(1,187)

In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Group's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £12m.

11 Intangible fixed assets

Group	Purchased goodwill £'000
Cost	
At 01 March 2020	147,995
Acquisition – Progress Pathways	3
Acquisition – Montana Healthcare	937
Acquisition – Care View	594
At 28 February 2021	149,529
Amortisation	
At 01 March 2020	12,475
Charge for the period	7,428
At 28 February 2021	19,903
Net book value	
At 28 February 2021	129,626
At 29 February 2020	135,520

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

Additions are comprised of three acquisitions completed during the year: Progress Pathways Limited (27 April 2020), Montana Healthcare Limited (3 August 2020) and Care View Services Limited (29 January 2021).

12 Tangible fixed assets

	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Property improvements £'000	Total £'000
Cost					
At 01 March 2020	411,814	18,069	2,204	62,523	494,610
Acquisition of subsidiaries	14,477	77	62	-	14,616
Additions	1,804	4,999	1,020	3,803	11,626
Disposals	(2,109)	(201)	(126)	(178)	(2,614)
At 28 February 2021	425,986	22,944	3,160	66,148	518,238
Depreciation					
At 01 March 2020	13,009	7,518	945	3,614	25,086
Charge for the period	7,964	4,868	703	1,713	15,248
Disposals	(174)	(17)	(10)	(15)	(216)
At 28 February 2021	20,799	12,369	1,638	5,312	40,118
Net book value					
At 28 February 2021	405,187	10,575	1,522	60,836	478,120
At 29 February 2020	398,805	10,551	1,259	58,909	469,524

All tangible fixed assets are pledged as security against the Group's external loan. See note 17 for further details.

13 Fixed asset investments

	Company £'000
At 29 February 2020 and at 28 February 2021	153,200

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

13 Fixed asset investments (continued)

The Company holds 100% of the share capital of the companies shown below.

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

The majority of the subsidiary undertakings are exempt from the Companies Act 2006 requirements relating to the audit of their financial statements by virtue of 479A of the Act as this company has guaranteed the subsidiary company under Section 479C of the Act. These are marked in the subsequent tables.

Company	Company No.	Description	Audit Status
Direct Holding			
Galaxy Group Bidco Limited	11112428	Holding Company	Audited
Indirect Holding			
The Regard ACH Holdco limited	10308226	Dormant	Exempt
The Regard (Group) Midco Limited	09653619	Dormant	Exempt
The Regard (Group) Bidco Limited	09653637	Dormant	Exempt
Aitch Care Homes TopCo Limited	08806657	Dormant	Exempt
Aitch Care Homes Holdco Limited	08790813	Dormant	Exempt
Aitch Care Homes (London) Limited	05016149	Dormant	Exempt
Aitch Care Homes (Woking) Limited	04615854	Dormant	Exempt
Ruby TopCo Limited	09084001	Dormant	Exempt
The Regard Partnership Limited	03153442	Provision of care services	Audited
Arcadia Child Care Company Limited	04354120	Dormant	Exempt
Adapt Care Group Limited	04730594	Dormant	Exempt
Venesta Agencies Limited	03155471	Dormant	Exempt
Adelphi Care Services Limited	05058188	Dormant	Exempt
New Partnerships Limited	06384583	Dormant	Exempt
Solar Care Homes Limited	07913971	Dormant	Exempt
DE Healthcare (Midlands) Limited	08510386	Dormant	Exempt
Highdowns Residential Homes Limited	05271420	Dormant	Exempt
Oscarvale Limited	03155469	Provision of accommodation	Audited
Southfields Care Homes Limited	03027272	Dormant	Exempt
Dunstall Enterprises Limited	05522849	Dormant	Exempt
Community Support Homes Limited	05297060	Dormant	Exempt
CMG Holdco Limited	08698034	Dormant	Exempt
Care Management Group (Acquisition) Limited	05867920	Dormant	Exempt
Care Management Group (UK) Limited	04582476	Dormant	Exempt
Care Management Group Trustees Limited	04844768	Dormant	Exempt
Care Management Group (Holdings) Limited	04582456	Dormant	Exempt
Care Management Group Limited	02992839	Provision of care services	Exempt

Notes to the Financial Statements
Year ended 28 February 2021

13 Fixed asset investments (continued)

Company	Company No.	Description	Audit Status
Indirect Holding			
Homes Caring for Autism Limited	05457634	Dormant	Exempt
Alderwood L.L.A. Limited	03876881	Dormant	Exempt
Care Management Group (Cymru) Limited	03761455	Provision of care services	Exempt
Care Management Group (Southern) Limited	04414448	Dormant	Exempt
Pathways (Trebanos) Limited	03107569	Dormant	Exempt
CMG Homes Limited	03519503	Provision of accommodation	Audited
Solent Residential Homes Limited	03823202	Dormant	Exempt
Blocklin House Limited	01213132	Dormant	Exempt
Somerset HCA Limited	04763762	Dormant	Exempt
Victoria House (UK) Limited	03280172	Dormant	Exempt
Wherewelive Care Group Limited	04320137	Dormant	Exempt
Achieve together Limited	04153701	Dormant	Exempt
Sevilles Limited	05672119	Dormant	Exempt
CMG (Enfield) Limited	06060770	Dormant	Exempt
Helene Care Limited	08558824	Dormant	Exempt
Philori Care Limited	05931715	Dormant	Exempt
Farisean Limited	06842876	Dormant	Exempt
Penny Meadow Life Skills Limited	09318823	Dormant	Exempt
Creative Support and Consultancy Limited	05614776	Dormant	Exempt
Castana A limited	12263257	Dormant	Exempt
Castana B Limited	12263277	Dormant	Exempt
Progress Pathways Limited	06585714	Dormant*	Exempt
Montana Healthcare Limited	06364553	Dormant*	Exempt
Care View Services Limited	05398051	Dormant*	Exempt
Careview Caring Support Services Limited	08458251	Dormant*	Exempt

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

14 Acquisitions of businesses

Acquisitions in the current period

1. Acquisition of Progress Pathways Limited

On 27 April 2020, the Group acquired 100% of the shares of Progress Pathways Limited for £1.5m including costs. The Group cares for people with learning disabilities. The business contributed £910k revenue and £242k 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	669	696	1,365
Trade and other debtors	4	-	4
Cash	300	-	300
Trade and other creditors	(45)	-	(45)
Deferred tax liabilities	(23)	(103)	(126)
Corporation tax	(44)	-	(44)
	861	593	1,454
Initial Cash Consideration relating to business combination			1,358
Costs directly attributable to the business combination.			99
Total consideration			1,457
Goodwill on acquisition			3

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.

2. Acquisition of Montana Healthcare Limited

On 3 August 2020, the Group acquired 100% of the shares of Montana Healthcare Limited as well as the associated property for £7.1m including costs. The Group cares for people with learning disabilities. The business contributed £1,460k revenue and £610k 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	2,563	3,973	6,536
Trade and other debtors	436	-	436
Cash	221	-	221
Trade and other creditors	(248)	-	(248)
Deferred tax liabilities	(3)	(755)	(758)
	2,969	3,218	6,187

Initial Cash Consideration relating to business combination	6,869
Costs directly attributable to the business combination.	255
Total consideration	7,124
Goodwill on acquisition	937

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.

3. Acquisition of Care View Services Limited

On 29 January 2021, the Group acquired 100% of the shares of Care View Services Limited as well as the associated property for £7.0m this includes £0.4m of deferred consideration. The Group cares for people with learning disabilities. The business contributed £290k revenue and £70k operating profit for the period.

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

	Book Value £'000	Fair value adjustment (provisional) £'000	Recognised values on acquisition £'000
Tangible Fixed assets	1,935	4,780	6,715
Trade and other debtors	563	-	563
Cash	230	-	230
Trade and other creditors	(213)	-	(213)
Deferred tax liabilities	(1)	(908)	(909)
	2,514	3,872	6,386
Initial Cash Consideration relating to business combination			6,484
Deferred consideration			430
Costs directly attributable to the business combination.			66
Total consideration			6,980
Goodwill on acquisition			594

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 Midco Limited

Notes to the Financial Statements
Year ended 28 February 2021

15 Debtors

	28 February 2021		29 February 2020	
	Group £'000	**Company £'000**	**Group £'000**	**Company £'000**
Trade debtors	13,649	-	17,095	-
Amounts owed by subsidiary undertakings	-	236,363	-	217,529
Prepayments and accrued income	9,443	-	8,198	-
Corporation tax receivable	1,059	-	-	-
	24,151	236,363	25,293	217,529

16 Creditors: amounts falling due within one year

	28 February 2021		29 February 2020	
	Group £'000	**Company £'000**	**Group £'000**	**Company £'000**
Trade creditors	1,000	-	3,002	-
Amounts owed to subsidiary undertakings	-	1,329	-	-
Other taxation and social security	2,216	-	1,895	-
Corporation Tax	-	-	1,447	-
Loan interest accrual	451	-	535	-
Accruals and deferred income	13,255	-	21,071	-
Other creditors	6,998	-	5,496	-
	23,920	1,329	33,446	-

17 Creditors: amounts falling due after more than one year

Borrowings repayable after more than one year are as follows:

	28 February 2021		29 February 2020	
	Group £'000	**Company £'000**	**Group £'000**	**Company £'000**
Bank loans	258,385	-	241,165	-
Investor loan notes	236,363	236,363	218,858	218,858
Capitalised re-financing costs	(2,711)	-	(4,012)	-
	492,037	236,363	456,011	218,858

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

17 Creditors: amounts falling due after more than one year continued

Bank loan maturity analysis

	28 February 2021		29 February 2020	
	Group £'000	Company £'000	Group £'000	Company £'000
Within one year	451	-	535	-
Between one and two years	258,385	-	-	-
Between two and five years	-	-	241,165	
Capitalised re-financing costs	(2,711)	-	(4,012)	-
	256,125	-	237,688	-

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

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

The carrying amounts of the financial assets and liabilities include:

	Group 28 February 2021 £'000	Company 28 February 2021 £'000	Group 29 February 2020 £'000	Company 29 February 2020 £'000
Liabilities measured at fair value through profit or loss:	3,616	-	3,852	-

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

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

Galaxy Group Midco Limited

Notes to the Financial Statements
Year ended 28 February 2021

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	28 February 2021 £'000	**29 February 2020 £'000**
At the beginning of the period	35,989	41,641
Impact of change in tax rate from 17% to 19%	4,234	-
Credited to the profit and loss account	(2,931)	(3,549)
Adjustment in respect of prior periods credited to profit and loss account	(203)	(2,340)
Arising on acquisitions (note 14)	1,793	237
Released on disposal	(333)	-
At the end of the period	38,549	35,989

	28 February 2021 £'000	**29 February 2020 £'000**
Fixed asset timing difference	3,630	3,059
Short term timing differences	(7,860)	(5,035)
Arising on business combinations	42,779	37,965
Net deferred tax liability	38,549	35,989

Notes to the Financial Statements
Year ended 28 February 2021

19 Provisions for liabilities and charges

	Deferred Tax (note 18) £'000	Property dilapidations £'000	Group £'000
At 01 March 2020	35,989	687	36,676
Acquisition of subsidiary undertaking	1,790	-	1,790
Utilised in the period	770	-	770
At 28 February 2021	38,549	687	39,236

20 Employee benefits

The Group operates five defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered pension funds. The pension cost charge includes contributions payable by the Group of £2,058k (2020: £1,841k).

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

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

21 Called up share capital

	28 February 2021 £'000	29 February 2020 £'000
Called up, allotted and fully paid:		
1,377,670 (2020: 1,377,670) Ordinary shares of £1	1,378	1,378

22 Share premium reserve

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

	£'000
Balance as at 28 February 2021	151,822

23 Lease commitments

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

	28 February 2021		**29 February 2020**	
	Land and buildings £'000	**Other £'000**	**Land and buildings £'000**	**Other £'000**
Total future minimum lease payments under non-cancellable operating leases:				
(i) not later than one year	1,998	481	2,829	716
(ii) later than one year and not later than 5 years; and	5,883	567	7,680	889
(iii) later than five years	6,194	-	7,299	-
	14,075	1,048	17,808	1,605

24 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 £258.4m.

25 Accounting Estimates

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

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

26 Ultimate controlling parties

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

27 Related party transactions

A total of £236m was owed at the year end (2020: £219m) which includes £3m of interest accrual (2020: £2.8m) to AMP Capital Investors (European Infrastructure No 5) S.àr.l. No interest or fees were paid to AMP Capital Investors during the year.

28 Subsequent events

On 1 March 2021 the Group disposed of six homes on one site that were being run out of leased buildings. These services contributed £3,180k turnover and £263k net loss to the business in the year ended February 2021.