Registered number: 06295365

LIFEWAYS FINANCE LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 FEBRUARY 2023

COMPANY INFORMATION

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Company number	06295365
Registered office	No. 2 The Square Birchwood Boulevard Warrington WA3 7QY United Kingdom
Auditor	Azets Audit Services Limited 5 Yeomans Court Ware Road Hertford SG13 7HJ United Kingdom
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LIFEWAYS FINANCE LIMITED

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LIFEWAYS FINANCE LIMITED

STRATEGIC REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2023

Introduction

The Directors present their Strategic Report for the 18 month period ended 28 February 2023. The Company has changed its accounting period end date from 31 August to 28 February. The corresponding prior period was for the year to 31 August 2021.

The principal activities of Lifeways Finance Limited ("the Company") and its subsidiary undertakings (the "Group") are the provision of support to individuals with learning disabilities, autism, mental health conditions and other complex needs in the UK. We take pride in being one of the UK's most forward thinking and innovative providers of support to individuals nationally with an outcome focused approach. Whether it is a few hours each week or 24/7 care and support, we adapt to each person's needs and aspirations as they change, enabling every person we support to live their life to their full potential. The support provided ranges from residential support in specially adapted homes to community-based support, where support is provided in a person's own home. The Group's vision is to help people live ordinary, independent, and happy lives through extraordinary support.

The principal activity of the Company is that of an intermediate holding company within the wider Vita Topco Limited group of companies ("the Vita Topco Group") and the Listrac Bidco Limited group of companies ("Bidco Group").

Change in ownership

In February 2023, formal Restructuring Plans under Part 26A of the UK Companies Act were sanctioned and became effective ("the RP"). The details and outcomes, and impact to the accounts of the plans are detailed in Note 1.2 to these Financial Statements. One outcome is a change in the ultimate ownership of the Group to Vita Topco Limited, a Jersey incorporated entity owned by a consortium of investors.

Business review

Overall group

The table below summarises the key financial and operational performance indicators for 2023 and 2021:

	2023 (18 months)	2021 (12 months) *As restated	2023 Pro-rated amount*	Var 2023 pro-rated amount	
	£	£	£	£	%
Revenue	**404,654,734**	265,511,829	269,769,823	4,257,994	1.6%
Gross profit	**118,549,889**	81,653,801	79,033,259	(2,620,542)	-3.2%
Gross profit percentage	**29.3%**	30.8%			
Adjusted EBITDA*	**31,394,878**	23,044,940	20,929,919	(2,115,021)	-9.2%
Average occupancy	**4,259**	4,415			
Average number of care staff	**8,445**	9,317			
Cash at bank	**14,786,088**	18,688,740			

*Adjusted EBITDA is earnings before interest, extinguishment of debt, taxation, depreciation and amortisation and before unusual or non-recurring items (See note 9 for definition). The Directors consider this to be most useful indicator of current and past financial performance of the business.

Business review (continued)

Operating performance and activities

Adjusted EBITDA in the 18 months was £31.4m (2021: £23.0m), a pro-rated decrease of -9.2% on prior period, reflecting increased agency staff usage, as a result of the challenges created by the sector wide staff shortages. Despite a reduction in average occupancy, revenue rose by 1.6% on a pro-rated basis to £404.7m compared with £265.5m in 2021. The revenue growth was largely driven by annual inflationary fee increases, offset in Adjusted EBITDA by increases in staff costs due to the increase in National Living Wage rates and additional costs incurred because of the COVID-19 pandemic to keep the people we support and colleagues safe. Government grant income in the period supported payments to isolating and vulnerable employees in line with government guidance, as well as the additional costs incurred; however, overall, the impact of COVID-19 was negative for the business, restricting occupancy growth in the period and restricting further strategic growth opportunities.

The Group generated positive cash inflows from operating activities before interest and tax payments of £7.1m, an increase of £2.8m.

Implementation of the RP

During the period, the implementation of the RP had the effect of removing liabilities in relation to onerous leases on discontinued properties, achieving a temporary rent reduction on a small number of above-market rented properties and reduced the Bidco Group's debt facilities by approximately £85m (net of new super senior secured facilities). In addition, the RP allowed for the release of significant intercompany loans owed to entities that are no longer part of the Bidco Group. Following this, the group rationalised intercompany balance contributing to a notable improvement in the Lifeway Finance Group Net Liabilities of £99.4m compared to the previous period. As a result of the RP, certain exceptional or non-recurring costs were incurred during the period, as outlined in note 9 to the financial statements.

COVID-19 impact on performance

Government grants and support

During the financial period, the Group received £5.9m (2021: £5.6m) of additional income through various government COVID-related grants given to social care to partially offset increased costs as a result of the pandemic (including the Workforce Recruitment & Retention Fund and Infection Control Fund).

Colleagues

During the pandemic, the Group has worked with funding commissioners to support colleagues who have needed to self-isolate by topping up Statutory Sick Pay to average gross pay for those who have tested positive for COVID-19 or displayed symptoms and were awaiting a test. Our colleagues have worked tirelessly throughout the pandemic, to provide outstanding support to people in our care. We thank each and every one of them for their hard work, dedication and professionalism throughout what has been the single worst health crisis in over a century.

Other impacts on performance

Rates

Despite the National Living Wage ("NLW") increase and the challenges in obtaining agreement from all Local Authority / other funders on fee increases, a better outcome was achieved in aggregate than in the previous period. Central government has played a positive role by asking Local Authorities to approve rate increases and by providing them with significant additional funding to do so.

Staff cost

During the period, staff retention levels deteriorated driving higher agency costs. This was widely reported in respect of the whole social care sector, where shortages intensified competition for labour.

Business review (continued)

Unusual and non-recurring items

The Group separately identifies and disclose certain items, referred to as unusual and non-recurring items, by virtue of size, nature and occurrence. This is consistent with the way the financial performance is measured by management (see note 1.17 Non-GAAP financial measures) and assists in providing a meaningful analysis of operating results by excluding items that may not be indicative of the operating results of the business. Unusual and non-recurring items included during the 18 month period to 28 February 2023 amounted to a charge of £15m in aggregate (2021: £20m). See note 9 for further details.

Liquidity and cash flow risk

Entities within the Group are subsidiaries of Vita Topco Limited, with cash and financial arrangements managed on a Vita Topco Limited group-wide basis. External debt is held by Listrac Bidco Limited, the immediate parent undertaking, and several of its subsidiaries are obligors under the debt facilities agreement.

The Group maintains cash to fund the day-to-day requirements of the business, including intra-month peaks related to the timing of fee receipts compared to salary costs and supplier payments.

The Group's principal financial asset is its trade debtors. A high proportion of funders are public sector bodies such as Local Authority Commissioning Groups. To manage credit risk, the credit control team regularly reviews the aged debt to identify potential risk and takes appropriate action. The Group generated cash flows from operating activities of £7.1m (2021: £4.3m) which is analysed further in the Consolidated Statement of Cash Flows.

The Bidco Group's debt facilities, refinanced as part of the RP, reduced from £178.6m to £103.0m including £15.0m of new monies being made available. The refinanced facilities have maturity dates in September 2026 and February 2027. The lenders of these refinanced facilities are also the majority owners of Vita Topco Limited. Changes to interest rates directly impact the cost of servicing these debt facilities. As such, the movement in interest rates is closely monitored and factored into operational cashflow forecasting.

Future development

The Group's philosophy places the people in our care at the heart of what we do. We recognise that our reputation and success are based upon their happiness and wellbeing and that the quality of care we provide is paramount.
Over the coming years, we anticipate growing demand for high quality care services which meet the needs of those who require support, care managers and families as the population of people requiring support continues to grow. With that in mind, the Group expects to increase its trading performance in the future.

Principal risks and uncertainties

The following are the most significant risks faced by the business:

Health and safety

The business currently employs over 9,000 staff providing services to 4,259 people who often have challenging and complex needs. These services take place predominantly in our service users' own homes which elevates the risk of accidents. The Board regards the health and safety of the people we support and of our employees as its most important responsibility and has robust health and safety policies and practices in place to manage and minimise the risk of accidents – the number of accidents during the period decreased by 17% from prior period pro-rata. The Group's health and safety policies and arrangements, outline best practice procedures, and are available to all employees. The contents of each policy are reinforced through mandatory training and development. A monthly health and safety report is submitted to the Board and regular health and safety and employee training audits are conducted with the results reported to the Board. Health and safety is regarded as the responsibility of every employee. During the period the number of reportable injuries and accidents in the workplace under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulation (RIDDOR) was 9 (2021: 12 excluding COVID).

Principal risks and uncertainties (continued)

Service quality

The provision of quality support strengthens the Group's ability to retain existing business and grow by winning tenders, increase the number of People We Support within framework agreements, attract individual users with personal budgets and place the Group in a favourable position to take over underperforming services. Conversely, if the quality of support is deemed insufficient the Group may lose existing business. To mitigate this risk, appropriate training and supervision is given to staff, reinforced by procedures manuals and internal quality audits. A report on quality assurance is submitted to the Board every month. In addition, the Group implemented a new quality strategy alongside a new level of internal audits within a new eCompliance system.

Staff recruitment and retention

High quality staff are required to service the existing client base and grow the Group's business. The Group operates a recruitment process that ensures it can attract staff and complete the necessary regulatory checks prior to employment; the business attracts more than 50,000 applications per annum. The Group's training and development approach is designed to build the skill levels of existing and potential employees and the Directors believe its pay rates are competitive in the market.

Failure to comply with regulation

The Group operates in a highly regulated business environment and failure to comply with regulation could lead to substantial penalties, including embargo of new resident admissions through to the loss of the registration certificates necessary to continue to trade.

The Group operates stringent quality policies and procedures, together with rigorous internal governance audit and oversight to ensure the safety of our residents. In addition, the Group maintains regular dialogue with regulators to ensure our procedures comply with all regulatory requirements. If there are adverse findings from regulatory inspections, they are followed up promptly and improvements made when necessary.

Shift in government policies

Most of the Group's revenue is derived from the public sector, and as a result the revenues could be vulnerable to a major policy shift away from social care. However, the Board does not consider this to be a major risk as the community care model continues to be recognised as the preferred model for all stakeholders, with strong cross-party support, and has proven its value and effectiveness.

Principal risks and uncertainties (continued)

Market

The Group relies on providing services to publicly funded entities in the United Kingdom such as Local Authorities and the NHS, typically through Integrated Care Boards, for a proportion of its revenue and any material reduction in the revenue earned from such services could adversely impact the Group's business. These risks are mitigated by a diversified contract income stream, quality support and strong relationship management.

The Group's strategy is partly based on growth derived from increased levels of consumer demand for certain of its services or the increased influence of consumer in the choice of the provider of care to them and, as a result, its future growth is dependent on maintaining the quality of its services, consumer perception of that quality and on its ability to market these services effectively.

This risk is mitigated by quality, investment in services and marketing, and close attention to consumer needs and expectations.

National Living Wage

Future changes in the rate of the National Living Wage ("NLW") will have a significant impact on staff costs for the social care sector and level of recovery through fee increases is uncertain. Failure to recover such costs would have a negative impact on margin. To mitigate, the Group continues to engage positively with the commissioners of our services to ensure they are fully funded.

Litigation

The business could be subject to litigation (and prosecution) as a consequence of incidents that can occur as it supports people with challenging and complex behaviours. In addition to robust policies and procedures the business carries insurance cover to mitigate the cost of such claims.

Going concern

Liquidity and cash flows, including debt facilities, are managed across the Vita Topco Group as a whole, with several subsidiaries being obligors under the Bidco Group's Senior Facilities Agreement. In undertaking their going concern assessment, the Directors have reviewed the financial performance and cashflow forecast for the Bidco Group through to September 2024, including liquidity headroom ("the Financial Forecast").

On 24th February 2023, the Bidco Group completed a restructuring of the Senior Facilities Agreement resulting in a restatement of Senior Debt to £88.0 million with a maturity date of 24th February 2027. Additionally on 3rd March 2023, the Vita Topco Group borrowed £15.0 million under a new Super Senior Debt Facility with a maturity date of 3rd September 2026.

The amended Senior Facilities Agreement has been adjusted to replace previous financial covenants with a single minimum liquidity covenant tested monthly from August 2023.

Compared to the previous period, the change in maturity of our facilities and amendment to covenant testing has reduced the level of uncertainty over going concern for the Bidco Group.

The Bidco Group is currently in full compliance with this covenant and, based on the Financial Forecast, the Directors expect that it will continue to be so over the going concern period. The Directors have conducted sensitivity analysis over the Financial Forecast considering the impacts of future occupancy, fee rates and rate of collection on the Bidco Group's ability to maintain full compliance. The conclusion of this analysis is a reasonable expectation that the Bidco Group will maintain full compliance and as a result have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the annual financial statements.

Section 172(1) statement

The Board of Directors consider the interests of key stakeholders when performing their duties to promote the *long-term success of the group. Outlined below the directors explain how they:*

- engage with employees, suppliers, customers and others; and
- have had regard to the employee interests, the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regards, including the principal decisions taken by the company during the financial period.

Engagement with regulators

The Group's services operate within a robust, externally validated governance structure which provides a strong focus on clinical safety, transparency, learning and improvement as well as rigorous financial oversight. The Group's external governance includes the following components:

- Market oversight - The Care Quality Commission (CQC) is required by the Care Act to operate a statutory market oversight scheme in the social care sector, to assess the financial sustainability of those care organisations, including the Group, that local authorities would find difficult to replace should they become unable to deliver services.
  Lifeways Group is included within the scheme because it meets eligibility criteria based on size, number of services and number of employees and as such provides CQC with appropriate financial and operational information.

- Quality inspections in England, Scotland and Wales - Social care services are regulated in England by the *Care Quality Commission (CQC), in Scotland by the Care Inspectorate and in Wales by the Care and* Social Services Inspectorate Wales. The majority of the Group's services are inspected by CQC.
  In England, CQC has fully introduced new inspection models for health and social care services, asking five key questions of every provider or service: is it safe, is it effective, is it caring, is it responsive and is it well-led. Each question, as well as providing an overall rating for the home, is rated as one of inadequate, requires improvement, good or outstanding. There is little scope to appeal the judgement rating inherent in this system. The ratings are publicised by the CQC on their website in relation to each home that they regulate.

The Group agrees with the principles underpinning the approach and believes that an effective inspection regime is an appropriate tool to drive and secure high quality, safe services.

CQC can impose conditions on services which fail to meet appropriate standards of care, including placing individual services in special measures, placing embargoes on admissions to particular services, requiring and monitoring action and improvement plans and, in extreme cases, suspending or revoking registration (which means in effect closing the home as it is a criminal offence to provide regulated services without registration). CQC also have prosecution powers and are increasingly investigating care providers where they seem to have failed to provide safe care to residents.

In Scotland, similar functions are carried out by the Care Inspectorate. In Wales, responsibility is held by the Care and Social Services Inspectorate Wales.

The Group fosters strong working relationships with its regulators to drive the best quality of care, in line with our strategic values.

Section 172(1) statement (continued)

Engagement with suppliers and customers

It is recognised that it is essential for the continued success and reputation of the Group to maintain positive relationships with our customers, suppliers and our financing partners.

The Group regularly reviews how it engages with these stakeholders. This is achieved through the transfer of information provided by senior management and by direct engagement with the stakeholders themselves. We are committed to providing consistent, quality support to and regularly engage with the People We Support and relatives to ask for their feedback. We use this feedback to develop robust action plans to ensure we have a programme of continuous improvement. We encourage openness and the honest reporting of any issues and, in the event of any performance or service shortcomings, we ensure a full and open review is carried out and shared widely.

The provision of quality support strengthens the Group's ability to retain existing business and grow by winning tenders, increase the number of People We Support within framework agreements, attract individual users with personal budgets and place the Group in a favourable position to take over underperforming services. To achieve quality support:

1. appropriate training and supervision is given to staff, reinforced by procedure manuals and internal quality audits
2. we comprehensively measure and audit the quality of our service delivery across the organisation
3. a dedicated Quality department regularly updates Group policies in line with changing regulations and standards and manages the internal quality audit process
4. a report on quality assurance is submitted to the Board every month.

In addition, the Group implemented a new quality strategy alongside a new level of internal audits within a new eCompliance system.

During the period, we have maintained our IS09001 certification and ISO27001 certification. The ISO is awarded to those organisations that can show they have high quality assurance systems, policies and procedures in place to ensure a high quality of service delivery. We are also CHAS ("Contractors, Health and Safety Scheme") accredited as well as being members of the British Safety Council and the NASHICs ("National Association of Safety and Health in Care Homes").

The Group does not follow a specific code or statement on payment practice for suppliers. However, it is the company's policy to pay its suppliers in accordance with the payment terms agreed at the outset of the relationship providing the supplier adheres to its obligations.

Strong working relationships are maintained with our financing partners, to facilitate the regular provision of compliance reporting, and oversight of key issues impacting the business.

Engagement with employees (Colleagues)

The Directors would like to acknowledge the hard work, commitment and dedication of all people within the Group especially during another challenging period. Like all companies which provide support in this sector, we believe we thrive because our people love what they do and because they connect with our core value – to provide extraordinary support that create life-changing outcomes. The Group needs to attract and recruit sufficient employees to meet our objectives. Additionally, losing skilled employees inhibits the strength of delivering consistently high-quality support.

We want our people to flourish and be positive advocates of our organisation. We are committed to providing an engaging and inclusive environment for everyone who works with us regardless of their background, beliefs or personal context. We promote policies that ensure equal opportunities for all colleagues regardless of factors such as gender, marital status, race, age, sexual preference and orientation or ethnic origin.

Section 172(1) statement (continued)

Engagement with employees (Colleagues) (continued)

Our people policies reflect the changing needs of society, offering a range of family friendly opportunities and flexible ways of working to ensure those who choose to work with us can balance their commitments both in and out of work.

We regularly review and assess our policies with equality in mind and we are committed to making reasonable adjustments to both our policies and our processes where individual or Group need arises.

It is Group policy to give fair consideration to the employment needs of disabled people to comply with current legislation with regard to disabled persons and, wherever practicable, to continue to employ and promote the careers of existing employees, who become disabled and to consider disabled persons for employment, subsequent training, career development and promotion on the basis of their aptitude and abilities.

We communicate with our people through a range of channels including face to face meetings and forums, such as the ELT's monthly 'Breakfast Club' forum, the Group's intranet and most importantly through posts on our app-based communication tool, which is available to colleagues both in the workplace and via their personal mobile devices.

Our annual employee engagement survey helps us to understand what's important to our people and develop business strategies that reflect what our people tell us. Action planning takes place at local and corporate level.

We provide all colleagues with a free employee assistance programme to help them deal with personal and domestic issues via telephone or face to face counselling. Support can range from simple advice and guidance right through to cognitive behaviour therapy.

Occupational Health Services help us keep our people well at work both physically and mentally. Occupational Health also helps us ensure that any health-related risks at work are managed and our people kept safe from any potential work related sickness.

Engagement with local communities

We understand that as a Group we impact directly on the communities in which we operate and therefore we ensure all of our decision-making is supported by analysis of impacts both internal to our organisation and external. We are constantly striving to find better ways to deliver our services.
Key social and community issues for us include considering how we can have a positive impact on our local social and business community. The ways in which we can achieve this include the following:

- Colleague participation in local community help schemes
- Colleague participation in national charity fundraising events
- Recruiting locally and using local shops for certain provisions rather than national suppliers.

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

Corporate governance

The Group are committed to abide by the laws and regulations of every jurisdiction in which we operate. For the period ended 28 February 2023, the Group is obliged under The Companies (Miscellaneous Reporting) Regulations 2018 to provide a corporate governance statement aligned with the Wates Corporate Governance Principles for Large Private Companies.

The Directors have set out details of the Group's corporate governance framework below:

Purpose and leadership

The Board sets out the strategy for the Group and ensures it is consistent with the views and values of its shareholders. The shareholder group is represented on the Board by two Investor Directors representing over 90% of the ultimate shareholding.

Strategy and values determined by the Board are implemented in the Group by the Executive Leadership Team as set out in the Employee Engagement section of the Stakeholder engagement and section 172(1) statement above.

Also set out in that section are the tools used to communicate and source feedback in the form of the employee engagement survey and app-based communication platform. These tools allow the Board to ensure that the culture of the Group is aligned with the values of the shareholders and key stakeholders, and take remedial steps where concerns are raised.

Board composition

The Board for the Vita Topco Group ("the Topco Board") is comprised of the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Executive Chairman, two Investor Directors and a Non-Executive Director.

The primary responsibilities of the Topco Board are to:

- Develop the strategy of the Vita Topco Group and ensure that this strategy is implemented by its subsidiaries.
- Ensure that the necessary resources are in place for the Lifeways Group to meet its obligations, the allocation and raising of capital, and reviews business and financial performance against strategic goals.
- Develop a framework of effective controls which enables risk to be assessed and managed.
- Lead the development of Lifeways Group culture, values and standards and ensure that its obligations to its shareholders and others are understood and met by the employees and service providers.

The Executive Chairman leads Board Meetings and promotes the agenda items of each meeting.

The CEO is ultimately responsible for delivering decisions made by the Topco Board.

The composition of the Board provides extensive experience of the sector that the Group operates, as well as of robust financial management and investment decision making. This array of experience supports the Board in being effective in delivering its purpose.

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

Director responsibilities

The Board ensures that the Group operates a Governance Framework with clear terms of reference for all sub-committee responsibilities and prescribed matters of delegated authority and those that are reserved for shareholder consent.

The Audit Committee is established by the Board to monitor the integrity of Financial Reporting, review the appropriateness and robustness of internal controls and policies, and identify and monitor the risks present for the Group.

The Remuneration Committee is established by the Board to provide oversight and make determinations on matters concerning the general remuneration policy of the Group.

Opportunity and risk

The Delegated Authorities detailed in the Governance Framework set out the matters that require approval of the Executive Leadership Team and/or the Board. These matters will be reviewed to assess the opportunity created by the approval of said decision and any risk created from this.

In forming the agenda for each Board meeting, the Executive Chairman and CEO will include any such decisions requiring Board discussion and approval, as well as any other opportunities identified that are aligned with the strategy and values of the Board and its stakeholders.

As outlined above, the Audit Committee is responsible for ensuring the risk management and internal control framework of the Group are appropriate and fit for purpose. This sub-committee performs a key monitoring role and reports to the Board when matters that require escalation are identified, and this allows the Board to make informed and robust decisions on opportunities knowing that the wider risk environment is well monitored.

Remuneration

The Remuneration Committee is responsible for reviewing and making decisions on the remuneration policy of the Group. Where appropriate, the committee will escalate key decisions to the Board with a view to ensuring they are aligned with the strategy and values of the Group.

Stakeholder relationships and engagement

The Stakeholder engagement and section 172(1) statement on pages 6 to 8 state clearly the mechanisms in place to ensure there is communication to the key stakeholders of the business regarding strategy and key decisions, and that the views of those stakeholders are heard and discussed by the Executive Leadership Team and the Board.

This report was approved by the board on 15 November 2023 and signed on its behalf.

....	....
A Kinkade	**K Steele**
Director	Director

LIFEWAYS FINANCE LIMITED

DIRECTORS' REPORT
FOR THE PERIOD ENDED 28 FEBRUARY 2023

The directors present their annual report on the affairs of the Group, together with the financial statements and the auditor's report, for the period ended 28 February 2023.

Results and dividends

The profit for the period, after taxation, amounted to £98.1m (2021: £27.7m loss), predominately driven by formal release of intercompany loans.

Dividends of £nil (2021: £nil) were paid in the period.

The review of the business is included in the Strategic Report

Directors

The directors who served during the period from 1 September 2021 to the date of this report were as follows:

J Tydeman (resigned 18 August 2022)
C Moher (resigned 26 September 2022)
A Kinkade (appointed 18 August 2022)
F Pearce (appointed 16 August 2022)
M Beadle (appointed 18 August 2022)
K Steele (appointed 23 March 2023)

Political contributions

The group has made no political donations or incurred any political expenditure during the period (2021: £nil).

Geographical location

The Company is registered within the UK. There are no trading branches domiciled outside the UK.

Qualifying third party indemnity policy

During the period the Group had in force an indemnity policy for the benefit of the directors of Vita Topco Limited against liability in respect of proceedings brought by third parties, subject to the conditions set out in 234 of the Companies Act 2006.

Matters covered in the strategic report

Liquidity and cash flow risk, principal risk, s172(1) statement including employee consultation, future developments and going concern are stated in the strategic report on pages 1 - 10.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position 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 the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.
The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Disabled employees

Applications for employment by disabled persons are always fully encouraged, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Human rights

We respect Human rights. We have a zero-tolerance approach to modern slavery, and we are committed to acting ethically and with integrity in all our business dealings and relationships. We are also committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains.

Anti-corruption and bribery

It is our policy to conduct all of our business in an honest and ethical way. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity, in all our business dealings and relationships wherever we operate. The requirement to comply with Group's internal policies forms part of an individual's terms of employment and there are processes available to deal with instances of non-compliance. The Group believes these policies operate effectively and also recognises the importance of robust processes to mitigate against both the likelihood and the impact of risks crystallising.

Energy and carbon reporting

Although the Group's principal activity has minimal environmental impact and most of the energy consumption noted below relates to providing heating and electricity for vulnerable individuals in a residential setting, the Board believes that good environmental practices support the broader strategy of enhancing the reputation of the Group as well as fostering the morale of staff and People We Support.

The Group is committed to minimising carbon and other greenhouse gases emitted from the operations of the business. The Group seeks to encourage energy and waste saving initiatives wherever possible whilst ensuring delivery of the highest quality of care in the communities that we serve.

We concluded a Streamlined Energy and Carbon Reporting (SECR) audit in February 2023, the outcomes of which are currently being considered by the business. The report identified that the previous target set in FY21, to reduce scope 1, 2 and 3 emissions by 5% has been achieved for FY23 on a pro-rated basis. The reduction target for the upcoming financial year is to reduce overall business intensity ratio by 5% from 2023 to 2024.

Streamlined Energy and Carbon Reporting (SECR) Methodology

Energy Consumption and Emissions: Our consumption was collected using the energy bills from our suppliers. The emissions were calculated using the UK Government's environmental reporting guidance on how to measure and report greenhouse emission published on the government's SECR website.

Transport and Business Travel Emissions: Transport consumption was collected using the bills from our suppliers. The business travel mileage was collected from the employee expenses claim system. The related emissions were calculated from the miles using the conversion factors published on the government's SECR website.

Summary of greenhouse gas emissions and energy consumption for the period were as follows:

	Unit	**2023 (18mth)**	2021 (12mth)	2023 Pro-rated (12mth)
Emissions from combustion of gas (scope 1)	**tCO2e**	**2,976**	2,916	1,984
Emissions from combustion of fuel for transport purposes (scope 1)	**tCO2e**	**267**	-	178
Emissions from business travel (scope 3)	**tCO2e**	**549**	77	366
Emissions from purchased electricity (scope 2)	**tCO2e**	**1,332**	907	888
Gross emissions (Location-base)	**tCO2e**	**5,124**	3,900	3,416
Gross emissions (Market-base)	**tCO2e**	**3,792**	2,993	2,528
Energy consumption used to calculate emissions	**kwh**	**26,550,979**	20,273,225	17,700,653
Intensity measure	**# of sites**	**222**	215	222
Intensity ratio:	**tCO2e per site**	**17.1**	13.9	11.4

The Group's energy consumption calculations are based on GHG Protocol Accounting and Reporting Standard (revised edition).

Energy and carbon reporting (continued)

Carbon reduction initiatives

- The Group will undertake an Energy Savings Opportunity Scheme (ESOS) assessment in 2023 to identify opportunities for energy savings. Lifeways are committed to sustainability and becoming energy efficient whilst reducing carbon footprint by actioning the targets set out in the ESOS report.

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to be 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.

Auditor

The auditors, Azets Audit Services Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 15 November 2023 and signed on its behalf.

....	....
A Kinkade	**K Steele**
Director	Director

LIFEWAYS FINANCE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 28 FEBRUARY 2023

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company 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 and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIFEWAYS FINANCE LIMITED FOR THE PERIOD ENDED 28 FEBRUARY 2023

Opinion

We have audited the financial statements of Lifeways Finance Limited (the 'parent company') and its subsidiaries (the 'group') for the 18 months ended 28 February 2023 which comprise the:

- the Consolidated income statement;
- the Consolidated statement of comprehensive income;
- the Consolidated and parent company statement of financial position;
- the Consolidated and parent company statement of changes in equity;
- the Consolidated statement of cash flows; and
- the related notes 1 to 28, including significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).
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 2023, and of the groups loss for the period then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- procedures performed to audit the impact of the sanctioned Restructuring Plan during the period;
- a review of the Groups approved forecast, along with compliance with revised debt arrangements and associated covenants. This also included procedures to test the underlying accuracy of inputs to the forecasts, considering potential variables;
- Enquiry and discussion to corroborate the forecast with Management's outlook and Board presentations; and
- A review of trading in the post balance sheet period to determine the accuracy of the forecast against actual results.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIFEWAYS FINANCE LIMITED (CONTINUED)
FOR THE PERIOD ENDED 28 FEBRUARY 2023**

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group and 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

- We obtain and update our understanding of the entity, its activities, its control environment, and industry, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. We reviewed the company's policy and procedures relating to fraud and compliance and enquired with management regarding their identification of risks and irregularities.
- We determined that the most significant laws and regulations that had a direct effect on the preparation of the financial statements include the UK Companies Act 2006, UK tax legislation, General Data Protection Regulations and Health and Safety at Work Act 1974.
- The group also has to comply with the requirements of operating within the care sector, a regulated industry which is fundamental to the groups ability to operate and to avoid material penalties. These regulators include the Care Quality Commission, The Care Inspectorate, The Care Inspectorate Wales (CIW) and The Regulation and Quality Improvement Authority. We made inquiries with relevant Management to understand the process for monitoring and compliance.

The audit engagement team including relevant specialists including tax, valuations, pension and IT, identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. We evaluated incentives and opportunities which may exist within the entity for fraud and considered how this might present itself in the financial statements.

As a result of carrying out the above, we identified the principal risk of fraud was related to the following areas. We designed and performed procedures in response to these risks:

- Revenue recognition; we performed procedures to test the design and implementation of related controls and carried out substantive testing by selecting a sample of transactions and verifying these to appropriate supporting evidence;
- Valuation of bad debt provision; we evaluated the adequacy of the bad debt provision in the context of amounts outstanding and aged debt. We understood related policies and performed an analysis of post yearend activity to determine actual collections and considered the recoverability of outstanding amounts;
- Valuation and existence of accrued income; we selected a sample of accrued income items and tested these for accuracy and completeness. We performed testing to verify items to post yearend invoicing.
- Classification of unusual or non-recurring items; we performed procedures to understand the nature of unusual or non-recurring items and tested a sample of items through to underlying supporting evidence. We confirmed the policies and degree of consistency being applied to such items;
- Impairment of goodwill; we performed our own assessment of Management's impairment analysis and involved specialists to support conduct procedures related to assumptions and inputs into the impairment model. We challenged the inputs and Management's underlying assumptions.

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

- Going concern, as set out earlier in our report, we performed procedures associated to the impact of the restructuring plan and the accuracy of Management's assessment linked to subsequent forecasts prepared. We tested the design and implementation of relevant controls, and performed an evaluation of possible outcomes along with consideration of covenant requirements.
- Valuation of dilapidation provisions; we performed procedures to review specific lease agreements and understand the degree of judgement applied in determining the provision. We challenged managements accounting and estimation process.
- Valuation of pension obligations; we engaged with a specialist actuarial team to assist in the audit of the calculation of the pension obligations and understand the inputs in comparison to other market data and sources;
- Accounting for the restructuring plan; we performed procedures to understand the impact of the restructuring plan. We obtained supporting documents including advice and legal papers setting out the nature and impact of the plan. We audited material journal entries arising from the impact of the restructuring plan and confirmed they were consistent with our understanding of the transaction.

In addition to these risks we also performed procedures to respond to the risk of management override of controls. We considered the risk of management bias and override of controls and performed testing of journal entries along with other adjustments for appropriateness, evaluating the business rational of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

We also made enquiry's of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud. We reviewed financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations, and reviewed minutes of meetings of those charged with governance.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Gary Tamkin

Gary Tamkin (Senior Statutory Auditor)

For and on behalf of Azets Audit Services
Chartered Accountants and Statutory Auditors
Hertford
United Kingdom

15 November 2023

LIFEWAYS FINANCE LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 28 FEBRUARY 2023

	Note	2023 (18 months) £	2021 (12 months) As restated* £
Turnover	3	**404,654,734**	265,511,829
Cost of sales		**(286,104,845)**	(183,858,028)
Gross profit		**118,549,889**	81,653,801
Administrative expenses		**(135,474,644)**	(107,342,476)
Other operating income	3	**5,921,713**	5,607,845
Formal release of intercompany loans	4	**121,921,193**	-
Operating profit/(loss)	4	**110,918,151**	(20,080,830)

	Note	2023 £	2021 £
Adjusted EBITDA (earnings before, interest, taxation, depreciation, and amortisation, and before unusual & non-recurring items)		**31,394,878**	23,044,940
Unusual or non-recurring items	9	**(14,990,179)**	(19,725,756)
Depreciation of tangible assets	13	**(4,705,459)**	(4,110,983)
Impairment of tangible assets	13	**(1,881,843)**	(562,826)
Dilapidation provision		**(772,781)**	-
Provision for intercompany debtors	4	**(1,046,078)**	(217,523)
Unwind of intercompany debtor provision	4	**4,590,856**	-
Formal release of intercompany loans	4	**121,921,193**	-
Amortisation of goodwill	12	**(23,592,436)**	(18,508,682)
Operating profit/(loss)		**110,918,151**	(20,080,830)

	Note	2023 £	2021 £
Profit on sale of tangible assets		**555,806**	248,815
Interest receivable and similar income	7	**39,259**	3,249
Interest payable and similar expenses	8	**(12,077,141)**	(7,823,883)
Profit/(loss) before taxation		**99,436,075**	(27,652,649)
Tax on profit/(loss)	10	**(1,309,540)**	(10,765)
Profit/(loss) for the financial period		**98,126,535**	(27,663,414)
Attributable to:			
Owners of the Company		**98,126,535**	(27,663,414)

*See note 11

The notes on pages 27 to 62 form part of these financial statements.

LIFEWAYS FINANCE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 28 FEBRUARY 2023

	Note	2023 (18 months) £	2021 (12 months) As restated* £
Profit/(loss) for the financial period		**98,126,535**	(27,663,414)
Other comprehensive income			
Other comprehensive movements		**-**	381,275
Actuarial gain on defined benefit pension	**23**	**1,484,000**	104,000
Movement on deferred tax		**(203,000)**	10,765
Other comprehensive income for the period		**1,281,000**	496,040
Total comprehensive income/(loss) for the period		**99,407,535**	(27,167,374)
Total comprehensive income/(loss) attributable to owners of the Company		**99,407,535**	(27,167,374)

*See note 11

The notes on pages 27 to 62 form part of these financial statements.

LIFEWAYS FINANCE LIMITED
Company number: 06295365

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2023

	Note	2023	2021 As restated*
		£	£
Fixed assets			
Intangible assets	12	67,606,577	91,199,013
Tangible assets	13	13,321,851	17,039,217
		80,928,428	108,238,230
Current assets			
Debtors falling due within one year	16	29,968,179	29,661,699
Pension asset	23	950,000	-
Cash and cash equivalents	17	14,786,088	18,688,740
		45,704,267	48,350,439
Creditors falling due within one year	18	(43,561,358)	(158,490,864)
Net current assets/(liabilities)		2,142,909	(110,140,425)
Total assets less current liabilities		83,071,337	(1,902,195)
Provisions	20	(2,311,639)	(15,324,642)
Pension liability	23	-	(1,421,000)
Net assets/(liabilities)		80,759,698	(18,647,837)
Capital and reserves			
Called up share capital	21	292	292
Share premium account		1,069,398	1,069,398
Retained earnings		79,690,008	(19,717,527)
Equity attributable to the owners of the parent		80,759,698	(18,647,837)

*See note 11

The notes on pages 27 to 62 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 November 2023.

AKinkade .

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A Kinkade
Director

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K Steele
Director

LIFWAYS FINANCE LIMITED
Company number: 06295365

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023

	Note	2023	2021 As restated*
		£	£
Fixed assets			
Tangible assets	14	-	188,692
Investments	15	-	-
		-	188,692
Current assets			
Debtors falling due within one year	16	62,708	122,047
Cash and cash equivalents	17	3,866	3,861
		66,574	125,908
Creditors falling due within one year	18	(183,882,852)	(291,698,504)
Net current liabilities		(183,816,278)	(291,572,596)
Total assets less current liabilities		(183,816,278)	(291,383,904)
Net liabilities		(183,816,278)	(291,383,904)
Capital and reserves			
Called up share capital	21	292	292
Share premium		1,069,398	1,069,398
Retained earnings		(184,885,968)	(292,453,594)
Equity attributable to the owners of the parent		(183,816,278)	(291,383,904)

*See note 11

Under section 408 the Companies Act 2006, the Company is exempt from the requirement to present its own Income Statement and related notes that form part of these approved financial statements. The amount of profit after taxation for the financial year for the Company is £13.5m (2021: £19.1m loss as restated).

The notes on pages 27 to 62 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 November 2023.

A Kinkade .

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A Kinkade
Director

....

K Steele
Director

LIFEWAYS FINANCE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 FEBRUARY 2023

	Share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
Balance at 1 September 2020	292	1,069,398	5,817,859	6,887,549
Prior year adjustment			1,631,988	1,631,988
Balance at 1 September 2020 as restated*	292	1,069,398	7,449,847	8,519,537
Loss for the year	-		(27,663,414)	(27,663,414)
Other comprehensive income				
Other comprehensive movement	-	-	381,275	381,275
Actuarial loss on pension scheme	-	-	104,000	104,000
Movement on deferred tax relating to pension gain	-	-	10,765	10,765
Other comprehensive income for *the year*	-	-	496,040	496,040
Total comprehensive loss for the year	-	-	(27,167,374)	(27,167,374)
Balance at 31 August 2021 as restated*	**292**	**1,069,398**	**(19,717,527)**	**(18,647,837)**
Profit for the period	-	-	**98,126,535**	**98,126,535**
Other comprehensive income				
Actuarial gain on defined benefit pension scheme	-	-	**1,484,000**	**1,484,000**
Movement on deferred tax relating to *pension gain*	-	-	***(203,000)***	***(203,000)***
Other comprehensive income for the period	-	-	**1,281,000**	**1,281,000**
Total comprehensive income for the period	-	-	**99,407,535**	**99,407,535**
Balance at 28 February 2023	**292**	**1,069,398**	**79,690,008**	**80,759,698**

*See note 11

The notes on pages 27 to 62 form part of these financial statements.

LIFEWAYS FINANCE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 28 FEBRUARY 2023

	Share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 September 2020	292	1,069,398	(276,915,196)	(275,845,506)
Prior year adjustment			3,513,232	3,513,232
Balance at 1 September 2020 as restated*	292	1,069,398	(273,401,964)	(272,332,274)
Loss for the year	-	-	(19,051,630)	(19,051,630)
Balance at 31 August 2021 as restated*	**292**	**1,069,398**	**(292,453,594)**	**(291,383,904)**
Profit for the period	-	-	**13,545,474**	**13,545,474**
Other comprehensive income Formal release of intercompany loans	-	-	**94,022,152**	**94,022,152**
Other comprehensive income for the period	-	-	**94,022,152**	**94,022,152**
Total comprehensive loss for the year	-	-	**107,567,626**	**107,567,626**
Balance at 28 February 2023	**292**	**1,069,398**	**(184,885,968)**	**(183,816,278)**

*See note 11

The notes on pages 27 to 62 form part of these financial statements.

LIFEWAYS FINANCE LIMITED

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED 28 FEBRUARY 2023

	Note	2023 (18 months) £	2021 (12 months) *As restated** £
Operating profit/(loss) for the financial period		**110,918,151**	(20,080,830)
Adjustments for:			
Amortisation of goodwill	4	**23,592,436**	18,508,682
Depreciation of tangible assets	4	**4,705,459**	4,110,983
Impairment of tangible assets	4	**1,881,843**	562,826
Movement in dilapidations provision	20	**617,762**	(101,277)
Movement in onerous lease provision	20	**(13,630,765)**	8,919,722
Increase in net pension assets/liability		**(887,000)**	(396,000)
Formal release of intercompany loan	4	**(121,921,193)**	-
(Increase)/decrease in debtors		**(306,479)**	3,491,859
(Decrease)/increase in creditors		**2,167,490**	(10,698,925)
Net cash inflow from operating activities		**7,137,704**	4,317,040
Cash flows from investing activities:			
Purchase of tangible fixed assets	13	**(3,272,380)**	(2,418,862)
Sale of tangible fixed assets		**959,449**	799,071
Interest received		**39,259**	3,249
Net cash outflow from investing activities		**(2,273,672)**	(1,616,542)
Cash flow from financing activities:			
Payment of related parties loan		**(2,892,488)**	(2,000,000)
Payment of related parties interest		**(5,874,196)**	(2,462,139)
Net cash outflow from financing activities		**(8,766,684)**	(4,462,139)
Net decrease in cash and cash equivalents		**(3,902,652)**	(1,761,641)
Cash and cash equivalents at beginning of period		**18,688,740**	20,450,382
Cash and cash equivalents at end of period		**14,786,088**	18,688,740

*See note 11

The notes on pages 27 to 62 form part of these financial statements.

1. Accounting policies

1.1 General information

Lifeways Finance Limited ("the Company") is a private Company limited by shares incorporated in United Kingdom under Companies Act 2006 and is registered in England and Wales. The address of Company's registered office is No. 2 The Square, Birchwood Boulevard, Warrington, United Kingdom, WA3 7QY and the registered number: 06295365. The principal activities of the Company and its subsidiaries (together referred to as the Group) is the provision of high quality care and support services for people with learning disabilities, autism, mental health conditions and other complex needs.

1.2 Restructuring Plans

In February 2023, formal Restructuring Plans under Part 26A of the UK Companies Act were sanctioned and became effective ("the RP"). The RP was required to implement a Lender Transaction resulting in:

i) The 100% acquisition of shares in Listrac Bidco Limited (the parent company of Lifeways Finance Limited) by Vita Bidco Limited (a holding company ultimately controlled by the lenders).
ii) A new shareholders' agreement in respect of the new equity and governance structure for the Group.
iii) Amendment and reduction of existing secured debt facilities by approximately £100,000,000.
iv) Issuing of new super senior secured money of £15,000,000 to support future investments.

The outcomes of the RP that support the implementation of the Lender Transaction include:

i) the compromising of onerous leases on discontinued properties releasing the Group from ongoing liability (note 20).
ii) the compromising of a limited number of claims from other unsecured creditors.
iii) the temporary rent reduction of a small number of properties deemed to be at a rent higher than market.

Within the financial statements, disclosure has been provided in the respective areas to give information on the nature, extent and impact of adjustments processed to reflecting the accounting implications of the RP.

1.3 *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 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.
Lifeways Finance Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments and Statement of Cash Flow for the Company only. The Company is preparing separate financial statements which include Statement of Financial Position, Statement of Change in Equity, and disclosure notes. The Company has taken advantage of certain exemptions.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

The financial statements are prepared in sterling which is the functional and presentational currency of the Group. The financial statements are rounded to the nearest pound (£) unless stated otherwise.

1. Accounting policies (continued)

1.3 Basis of preparation of financial statements (continued)

For the period ended 28 February 2023, the following subsidiaries of the Company were entitled to exemption from audit over section 479A of the Companies Act 2006 relating to subsidiary companies.

Name	Companies House Registration Number
Autism Care (Bedford) Limited	08809155
Autism Care (North West) Limited	04298661
Autism Care (Properties) Limited	02785715
Autism Care (UK) Limited	03997337
Autism Care Properties (2) Limited	06511089
Autism Care UK (2) Limited	07266463
Autism Care UK (3) Limited	07762575
Autism Care UK (4) Limited	07884044
Brighton and Sussex Care Limited	07156238
Burgess Care Limited	03156981
Clearoutcome Limited	05545752
Community Care Solutions Limited	04122627
Future Home Care Limited	04829670
Haven Care and Support Limited	06273239
Homebridge Two Limited	02772562
Inclusion by Design Limited	04796540
Integra Care Homes Limited	06395927
Integra Care Management Limited	05151098
Keys Hill Park Limited	06511690
Lifeways Community Care Limited	04126127
Lifeways Holdings Limited	06295360
Lifeways Inclusive Lifestyles Limited	04796545
Lifeways Independent Living Alliance Limited	04036447
Lifeways ISS Limited	04143079
Lifeways Natural Networks Limited	05113725
Lifeways Orchard Care Limited	04084923
Lifeways Paragon Limited	04301284
Lifeways Raglin Limited	02740383
Lifeways Rose Care and Support Limited	05782691
Lifeways Support Options Limited	05531117
Living Ambitions Limited	02622175
M-Power Housing Limited	06671565
Social Care Solutions Limited	06404664
Lifeways SIL Limited	06530286
Total Home Care Solutions Limited	03847392
SIL.2 Limited	08992322
Vitavia Properties (Somerset) Limited	04543161
Vitavia Property Management Limited	07444534

1. Accounting policies (continued)

1.3 Basis of preparation of financial statements (continued)

The following principal accounting policies have been applied:

1.4 Basis of consolidation

The consolidated financial statements incorporate the results of the Group 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 Statement of Financial Position, the acquiree's identifiable fixed assets, liabilities and contingent liabilities are initially recognised at their fair values on 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.

1.5 Going concern

Liquidity and cash flows, including debt facilities, are managed across the Vita Topco Group as a whole, with several subsidiaries being obligors under the Bidco Group's Senior Facilities Agreement. In undertaking their going concern assessment, the Directors have reviewed the financial performance and cashflow forecast for the Bidco Group through to September 2024, including liquidity headroom ("the Financial Forecast").

On 24th February 2023, the Bidco Group completed a restructuring of the Senior Facilities Agreement resulting in a restatement of Senior Debt to £88.0 million with a maturity date of 24th February 2027. Additionally on 3rd March 2023, the Vita Topco Group borrowed £15.0 million under a new Super Senior Debt Facility with a maturity date of 3rd September 2026.

The amended Senior Facilities Agreement has been adjusted to replace previous financial covenants with a single minimum liquidity covenant tested monthly from August 2023.

Compared to the previous period, the change in maturity of our facilities and amendment to covenant testing has reduced the level of uncertainty over going concern for the Bidco Group.

The Bidco Group is currently in full compliance with this covenant and, based on the Financial Forecast, the Directors expect that it will continue to be so over the going concern period. The Directors have conducted sensitivity analysis over the Financial Forecast considering the impacts of future occupancy, fee rates and rate of collection on the Bidco Group's ability to maintain full compliance. The conclusion of this analysis is a reasonable expectation that the Bidco Group will maintain full compliance and as a result have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the annual financial statements.

1. Accounting policies (continued)

1.6 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.7 Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its economic useful life.

1. Accounting policies (continued)

1.8 Impairment of goodwill

The carrying value of goodwill is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Calculation of recoverable amount

The recoverable amount of goodwill is determined using value-in-use calculations, which requires estimates of future cash flows and as such is subject to estimates and assumptions around revenue and cost growth rates from the Board-approved budget and discount rates applied. Further details are contained in note 12.

1.9 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.

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:

Freehold property	2% straight line. No depreciation is provided on freehold land.
Long term leasehold property	Straight line over the shorter of the remaining period of the lease or the useful life
Motor vehicles	20% straight line
Fixtures and fittings	20% straight line
Computer equipment	33.3% straight line
Leasehold improvements	Straight line over the shorter of the remaining period of the lease or the useful life

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. Where significant and material judgements are required in determining the value of fixed assets or apportioning the split of proceeds, Directors co-operate with management to arrive at an appropriate outcome.

1.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1. Accounting policies (continued)

1.11 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute a financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

1. Accounting policies (continued)

1.11 Financial instruments (continued)

Other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

1.12 Leased assets: The Group as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets.

Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives.

Assets acquired by hire purchase are depreciated over their useful lives.

Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.13 Operating leases: The Group as lessee

Rentals paid under operating leases are charged to the profit and loss account 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 expected life of the lease.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 September 2014) to continue to be charged over the period to the first market rent review rather than the term of the lease.

1.14 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

1. Accounting policies (continued)

1.15 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 change 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 reporting date in the countries where the Company and the Group operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Consolidated Statement of Financial Position 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 reporting date.

1.16 Unusual or non-recurring items

Unusual or non-recurring items represent items of income or expenditure which individually, or in aggregate, are of exceptional size or incidence, and in the Directors' judgement should be presented separately in order to give a clearer understanding of the Group's trading performance. See note 9.

1.17 Non-GAAP performance measures

Adjusted EBITDA represents operating profit before interest, extinguishment of debt, taxation, depreciation, amortisation and unusual or non-recurring items. It is the Directors' judgement that the measure "adjusted" EBITDA best reflect the trading performance of the Group and is consistent with how business performance is monitored internally. Adjusted EBITIDA is not a recognised profit measure under UK GAAP and may not be directly comparable with similar measures used by other companies.

1.18 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group and Company pays fixed contributions into a pension scheme. Once the contributions have been paid the Group and Company has no further payments obligations.

The contributions are recognised as an expense in the Consolidated Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Statement of Financial Position. The assets of the plan are held separately from the Group and Company in independently administered funds.

1. Accounting policies (continued)

1.18 Pensions (continued)

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability or asset recognised in the Consolidated Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group and Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:
a) the increase in net pension benefit liability arising from employee service during the period; and
b) the cost of plan introductions, benefit changes, curtailments and settlements.
The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

1.19 Share based payment

Equity-settled awards are valued at the grant date, and the fair value is charged as an expense in the income statement spread over the vesting period. Fair value of the awards are measured using the Monte Carlo simulation model. The fair value of the shares, appraised at the grant date, includes the impact of expected market volatility.

Share-based remuneration is recognised as an expense in profit or loss with the credit side of the entry being recorded in equity.

Non-market vesting conditions are included in assumptions about the number of shares that expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of shares expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested shares ultimately exercised by holders does not impact the expense recorded in any period.

1. Accounting policies (continued)

1.20 Interest income

Interest income is recognised in the Consolidated Income Statement using the effective interest method.

1.21 Provisions

Provisions are recognised when the Group or Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group or Company will be required to settle that obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Onerous contract policy has been described in note 20.

1.22 Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in income in the period in which it becomes receivable. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

2. Critical accounting judgements 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 (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Unusual or non-recurring items

As a non-UK GAAP measure, the Directors apply significant judgement in deciding the presentation of adjusting items by virtue of the nature of the income and expense and whether items are unusual or non-recurring, particularly in relation to salary costs. See note 9.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Recoverability of trade debtors and accrued income

The assessment of whether trade debtors and accrued income are recoverable requires management estimation. An allowance for bad debt provision is made where in the view of the Directors, there is evidence of a reduction of the recoverability of future cash flows. There is a degree of uncertainty around the estimates made in calculating the current year bad debt provision which covers both Local Authority and specific individual accounts where the Directors have assessed there to be both a billing accuracy and collection risk.

Goodwill impairment testing

Impairment of goodwill represents a management estimate with a significant degree of estimation uncertainty. FRS 102 requires an entity to assess its assets for impairment indicators at the reporting date. Management has assessed its goodwill balance for impairment by performing a value-in-use calculation using a discounted forecast cash flow model. In preparing this model, management are required to make a number of assumptions on forecasted performance, working capital, capital spend, growth rates and discount rates.

The assumptions chosen to assess impairment of goodwill have been based upon the Group's Board-approved short-term forecasts, with the Board's best estimate on long term growth and discount rates reflecting the financial position of the Group. No impairment has been recognised in the current year (2021: £nil). The most sensitive assumptions relate to discount rate, EBITDA growth within management's short-term financial plan and the long-term growth rate.

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

Provision for onerous contracts

The Group provides for onerous contracts to the extent that the estimated unavoidable costs of fulfilling the contractual obligation exceeds the estimated economic benefit expected from the contract. The carrying amount of provision as at 28 February 2023 was £nil (2021: £13.6m) following a successful sanction from the courts of the RP releasing the Group from ongoing liability on discontinued property leases.

Provision for dilapidations

The Group has recognised provisions for the cost of dilapidations on leasehold properties based on estimates of the likely cash out flow at the end of the lease. The carrying amount of the provision for the year ended 28 February 2023 was £2.3m (2021: £1.7m). The provision is expected to be utilised in line with the expiration of the operating leases over the lease term.

3. Turnover

Turnover represents amounts receivable for services provided in the year of account. All turnover was derived from activities located in the United Kingdom. No segmental data is provided on the basis that the revenue streams are not significantly differentiated.

Included within the accounts is other income related to government grants received. £nil for Coronavirus Job Retention Scheme (2021: £721,283) and £5,921,713 for grants given to social care (2021: £4,886,562).

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2023 (18 months)	2021 (12 months) As restated*
	£	£
Depreciation of tangible assets (note 13)	**4,705,459**	4,110,983
Impairment of tangible assets (note 13)	**1,881,843**	562,826
Dilapidation provision (note 20)	**772,781**	-
Provision of intercompany debtors	**1,046,078**	217,523
Unwind of intercompany debtor provision	**(4,590,856)**	-
Formal release of intercompany loans	**(121,921,193)**	-
Amortisation of goodwill (note 12)	**23,592,436**	18,508,682
Operating lease rentals	**14,658,642**	10,007,965
Unusual or non-recurring items (note 9)	**14,990,179**	20,031,174

Intercompany loans and provision

The release of intercompany loans and provision arose following a successful sanction from the courts of the RP resulting in the compromising of a limited number of claims from other unsecured creditors. See note 1.2 for further details.

5. Auditor's remuneration

	2023 (18 months) £	2021 (12 months) £
Fees payable to the Company's auditors and its associates for the audit of parent company and consolidated financial statements	**547,200**	707,200
Fees payable to the Company's auditor and their associates for other services to the Group	-	10,800

The audit fee for the Group was £547,200 (2021: £707,200). The fee was borne by the Company.

6. Staff costs and directors' remuneration

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

	2023 (18 months) £	2021 (12 months) £
Wages and salaries	**275,419,141**	188,386,900
Social security costs	**23,788,607**	15,288,867
Cost of defined benefit scheme	**321,000**	-
Cost of defined contribution scheme (note 23)	**5,332,325**	3,815,454
	304,861,073	207,491,221

	2023 (18 months) £	2021 (12 months) £
Directors' emoluments	**2,060,085**	739,333
Contributions to defined contribution scheme	**6,329**	-
	2,066,414	739,333

The highest paid director received remuneration of £633,333 (2021: £400,000) with a pension contribution of £nil (2021: £nil). During the period, three directors accrued benefits (2021: none) in respect of defined contribution pension schemes and three directors subscribed for shares under the Vita Topco Limited Management Incentive Plan (note 22).

The average number of persons employed by the Group (including Directors) during the period were as follows:

	2023 Number	2021 Number
Direct care staff	**8,445**	9,317
Administration staff	**785**	821
	9,230	10,138

The average number of staff employed by the Company during the year was nil (2021: nil).

7. Interest receivable

	2023 (18 months) £	2021 (12 months) £
Other interest receivable	**39,259**	3,249

8. Interest payable and similar charges

	2023 (18 months) £	2021 (12 months) As restated* £
Interest payable from group undertakings	**12,253,425**	7,823,883
Other interest payable	**(176,284)**	-
	12,077,141	7,823,883

*See note 11

9. Unusual or non-recurring items

Unusual or non-recurring items are transactions that are outside normal operations or are material to the results of the Group, either by virtue of size or nature. As such, the items set out below require separate disclosure on the face of the Consolidated Income Statement to assist with the understanding of the underlying performance of the Group.

	2023 (18 months) £	2021 (12 months) £
Restructure and transformation costs	**820,726**	2,527,650
Start-up costs	**274,670**	573,973
Property costs	**218,804**	627,904
Banking Renegotiation	-	164,924
Change in accounting estimates	-	(4,079)
Onerous contracts	**(7,123,889)**	13,828,167
Restructuring plan costs	**20,799,868**	-
Other	-	2,007,217
	14,990,179	19,725,756

Restructure and transformation costs

Transformation costs include costs associated with finance integration initiatives, redundancy costs (including legal), and WayAhead strategy which concluded during the year.

Start-up costs

Start-up costs refers to those costs incurred in the period before and immediately following the opening of a new supported living and residential service. As the service builds up volume these early costs can be significant and not necessarily reflective of underlying performance. Such costs primarily relate to internal staff costs, indemnity void rent liability relating to supported-living services, and leasehold rent relating to residential services. The start-up scheme costs are classified as unusual or non-recurring up to a period of six-months starting at the earlier of when (1) first service user moving in or (2) first indemnity void rent or leasehold rent is payable to the housing provider or landlord.

Property costs

Property costs include costs associated with the closure and movement of offices, associated expenses incurred in relation to non-operational care homes, the use of property consultant firm to support on lease/service reviews, legal and professional advice relating to the Group's leasehold portfolio.

Banking renegotiation

Prior year costs relate to professional service fees linked to the Bidco Group's renegotiated debt facilities agreement.

Onerous contracts

During the year, the Restructuring Plan ("the RP") for the Group was enacted following a successful sanction from the courts. The plan nullified rental liabilities on all non-operational leases previously provided. The current year credit reflects the unwind of unused provision recognised in prior years with no carrying amount of provision at the year-end.

9. Unusual or non-recurring items (continued)

Restructuring plan costs

The advisory costs incurred in planning, supporting, and implementing the RP. These advisors included specialists in the areas of company law, property law, taxation and corporate financing. See note 1.2 for further details of the RP.

Other

Other costs in the prior period includes advisor fees incurred related to the debt facilities and in exploring alternative sources of finance.

10. Taxation

Provision has been made in these financial statements for UK tax at 19.00% (2021: 19.00%) based on the profit/(loss) for the year less allowable expenses.

	2023 (18 months) £	2021 (12 months) £
Current tax:		
UK corporation tax	**1,512,540**	-
Total current tax	**1,512,540**	-
Deferred tax		
Origination and reversal of timing differences	**(200,488)**	23,343
Effect of changes in tax rates	**(2,512)**	(12,578)
Total deferred tax	**(203,000)**	10,765
Tax credit for the period	**1,309,540**	10,765

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2023 (18 months) £	2021 (12 months) As restated* £
Profit/(loss) before tax	**99,436,075**	(27,652,649)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax of 19%	**18,892,854**	(5,254,003)
Effects of:		
Expenses not deductible for tax purposes	**11,773,791**	4,058,196
Formal release of intercompany loans	**(25,117,707)**	-
Effects of group relief/other reliefs	**1,757,307**	674,083
Income not taxable	**(2,086,037)**	(18,892)
Utilisation of previously recognised deferred tax (losses)	**(2,730,532)**	-
Movement in unrecognised deferred tax	**(694,196)**	439,368
Recognition of previously de-recognised deferred tax	**(483,430)**	-
Derecognition of previously recognised deferred tax	**-**	124,589
Tax rate changes	**(2,510)**	(12,576)
Total tax credit for the period	**1,309,540**	10,765

Factors that may affect future tax charges

The Group's profit for this accounting period is taxed at an effective rate of 19.00%. The standard rate of corporation tax in the UK will remain unchanged at 19.00% until April 2023 when it will rise to 25.00% for year ends beginning 1 April 2023. Accordingly, this rate has been applied in determining the deferred tax assets and liabilities as at 28 February 2023.

11. Prior year adjustment

During the year, the Group identified a number of prior year misstatements that required adjustment. These have been described below and the total impact on the financial statements is also shown:

1. The Group identified a number of historical consolidation entries, relating to intercompany interest, accruals and taxation, that were misstating the Statement of Financial Position. These historical consolidation entries have been incorrectly accounted for in FY18 and therefore adjustments have been made to restate brought forward reserves in the prior year.
2. A discrepancy has been identified in the historical interest charge on amounts owed to group undertakings. This was due to a calculation error. The impact of this spans the previous financial year and in earlier periods, as such the impact has been reflected across both the Income Statement and brought forward reserves on the Statement of Financial Position
3. Amortisation charges in historical periods have been identified to be misstated due to a calculation error. The impact of this spans the previous financial year and in earlier periods, as such the impact has been reflected across both the Income Statement and brought forward reserves on the Statement of Financial Position.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	**2021 As previously stated**	**Prior period adjustments**	**2021 As restated**
	£	**£**	**£**
Goodwill	91,991,826	(792,820)	91,199,006
Debtors: amounts falling due within one year	30,100,300	(438,602)	29,661,698
Creditors: amounts falling due within one year	(162,706,015)	4,215,158	(158,490,857)
Other assets and liabilities	18,982,315	-	18,982,315
Net liabilities	**(21,631,574)**	**2,983,736**	**(18,647,838)**
Profit and loss account	(22,701,264)	2,983,736	(19,717,528)
Other capital and reserves	1,069,690	-	1,069,690
Equity attributable to the owners of the parent company	**(21,631,574)**	**2,983,736**	**(18,647,838)**

CONSOLIDATED INCOME STATEMENT	**2021 As previously stated**	**Prior period adjustments**	**2021 As restated**
	£	**£**	**£**
Gross profit	**81,653,801**	**-**	**81,653,801**
Administrative expenses	(107,210,460)	(132,016)	(107,342,476)
Other operating income	5,607,845	-	5,607,845
Profit on sale of tangible fixed assets	248,815	-	248,815
Interest receivable and similar income	3,249	-	3,249
Interest payable and similar charges	(9,307,648)	1,483,764	(7,823,884)
Loss on ordinary activities before tax	**(29,004,398)**	**1,351,748**	**(27,652,650)**

11. Prior year adjustment (continued)

CONSOLIDATED STATEMENT OF CASHFLOWS	2021 As previously stated	Prior period adjustments	2021 As restated
	£	£	£
Operating loss for the financial year	(19,948,814)	(132,016)	(20,080,830)
(Increase) / decrease in debtors	3,491,859	-	3,491,859
Increase / (decrease) in creditors	(10,698,928)	-	(10,698,928)
Amortisation of goodwill	18,376,666	132,016	18,508,682
Other cashflows	13,096,257	-	13,096,257
Net cash inflow from operating activities	**4,317,040**	**-**	**4,317,040**

COMPANY STATEMENT OF FINANCIAL POSITION	2021 As previously stated	Prior period adjustments	2021 As restated
	£	£	£
Debtors: amounts falling due within one year	122,047	-	122,047
Creditors: amounts falling due within one year	(296,695,500)	4,996,995	(291,698,505)
Other assets and liabilities	192,553	-	192,553
Net liabilities	**(296,380,900)**	**4,996,995**	**(291,383,905)**
Profit and loss account	(297,450,590)	4,996,995	(292,453,595)
Other capital and reserves	1,069,690	-	1,069,690
Equity attributable to the owners of the parent company	**(296,380,900)**	**4,996,995**	**(291,383,905)**

COMPANY INCOME STATEMENT	2021 As previously stated	Prior period adjustments	2021 As restated
	£	£	£
Administrative expenses	(3,022,960)	-	(3,022,960)
Interest payable and similar charges	(17,512,434)	1,483,764	(16,028,670)
Loss on ordinary activities before tax	**(20,535,394)**	**1,483,764**	**(19,051,630)**

12. Intangible assets

	Goodwill As restated* £
Cost	
At 1 September 2021 and 28 February 2023	**277,266,146**
Amortisation	
At 1 September 2021	**186,067,133**
Charge for the year	23,592,436
At 28 February 2023	**209,659,569**
Net book value	
At 28 February 2023	**67,606,577**
At 31 August 2021	91,199,013

Goodwill impairment testing

Goodwill is stated at cost less amortisation and any accumulated impairment losses. Goodwill is allocated to groups of CGUs and amortised, with an additional impairment test undertaken if events or changes in circumstances indicate that the carrying value may not be recoverable. The groups of CGUs reflects the lowest level at which goodwill and intangible assets are monitored for internal reporting and for this reason the group considers that there is only one CGU for the purposes of goodwill impairment assessment.

Management has reviewed the goodwill for applicable CGU using the Group's value-in-use model. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The cash flow projections are derived from the Board-approved budget. The long-term growth rate applied to extrapolate the cash flows into perpetuity, is based on board's expectation of future growth. The discount rate is derived from the Group's weighted average cost of capital and reflective of the specific risks inherent to the Group. These assumptions gave rise to an impairment of £nil (2021: £nil) recognised during the year.

13. Tangible fixed assets

	Freehold land and property £	Leasehold property £	Fixtures and fittings £	Computer equipment £	Leasehold improvements £	Total £
Cost						
At 1 September 2021	9,484,297	4,969,830	14,788,897	14,903,260	1,764,853	45,911,137
Additions	-	9,396	2,582,640	680,344	-	3,272,380
Disposals	(601,112)	(3,144,787)	(8,759,173)	(6,986,883)	(941,398)	(20,433,353)
At 28 February 2023	8,883,185	1,834,439	8,612,364	8,596,721	823,455	28,750,164
Depreciation						
At 1 September 2021	1,538,300	2,661,218	9,851,615	13,797,636	1,023,151	28,871,920
Charge for the year	227,964	446,560	2,843,367	1,085,265	102,303	4,705,459
Impairment charge	-	1,276,870	360,939	298	243,736	1,881,843
Disposals	(205,100)	(3,144,784)	(8,752,743)	(6,986,883)	(941,399)	(20,030,909)
At 28 February 2023	1,561,164	1,239,864	4,303,178	7,896,316	427,791	15,428,313
Net book value						
At 28 February 2023	7,322,021	594,575	4,309,186	700,405	395,664	13,321,851
At 31 August 2021	7,945,997	2,308,612	4,937,282	1,105,624	741,702	17,039,217

The impairment charge is in relation to release of leaseholds as part of the RP. See note 1.2 for further details.

14. Tangible fixed assets - Company

	Computer equipment £
Cost	
At 1 September 2021	**12,417,364**
Disposals	**(5,919,424)**
At 28 February 2023	**6,497,940**
Depreciation	
At 1 September 2021	**12,228,672**
Charge for the year	**188,692**
Disposals	**(5,919,424)**
At 28 February 2023	**6,497,940**
Net book value	
At 28 February 2023	**-**
At 31 August 2021	188,692

15. Investments – Company

	Investments in subsidiary companies £
Cost	
At 1 September 2021 and 28 February 2023	**289,521,141**
Provisions for impairment	
At 1 September 2021	**289,521,141**
At 28 February 2023	**289,521,141**
Carrying amount	
At 28 February 2023	-
At 31 August 2021	-

The Directors of the Group have considered the cost of investment, intercompany debtor provisioning and goodwill impairment together in making their assessment for period ended 28 February 2023 and 31 August 2021.

15. Investments - Company (continued)

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Holding
Lifeways Community Care Limited (1)	Supported living services	100% ordinary share capital
Vitavia Properties (Somerset) Limited (1)	Property management	100% ordinary share capital
Vitavia Property Management Limited (1)	Property management	100% ordinary share capital
Lifeways Independent Living Alliance Limited (1)	Supported living services	100% ordinary share capital
Lifeways Natural Networks Limited (1)	Residential care	100% ordinary share capital
M Power Housing Limited (1)	Property management	100% of members, limited by guarantee
Inclusion by Design Limited (2)	Non-trading	100% ordinary share capital
Lifeways Inclusive Lifestyles Limited (1)	Residential care	100% ordinary share capital
Lifeways Support Options Limited (1)	Supported living services	100% ordinary share capital
Lifeways Paragon Limited (1)	Supported living services	100% ordinary share capital
Lifeways Raglin Limited (1)	Supported living services	100% ordinary share capital
Lifeways ISS Limited (1)	Supported living services	100% ordinary share capital
Future Home Care Limited (1)	Supported living services	100% ordinary share capital
Lifeways Community Care (Inverness) Limited (1) *	Supported living services	100% ordinary share capital
Haven Care and support Limited (1)	Supported living services	100% ordinary share capital
Lifeways Orchard Care Limited (1)	Residential care	100% ordinary share capital
Lifeways Rose Care and Support Limited (1)	Residential care	100% ordinary share capital
Integra Care Management Limited (1)	Supported living services	100% ordinary share capital
Integra Care Homes Limited (1)	Supported living services	100% ordinary share capital
Community Care Solutions Limited (1)	Supported living services	100% ordinary share capital
Total Home Care Solutions Limited (1)	Supported living services	100% ordinary share capital
Social Care Solutions Limited (1)	Supported living services	100% ordinary share capital
Lifeways SIL Limited (1)	Supported living services	100% ordinary share capital
Autism Care (North West) Limited (1)	Residential care	100% ordinary share capital

15. Investments - Company (continued)

Name	Principal activity	Holding
Autism Care (UK) Limited (1)	Residential care	100% ordinary share capital
Autism Care (Bedford) Limited (2)	Residential care	100% ordinary share capital
Autism Care UK (2) Limited (2)	Residential care	100% ordinary share capital
Autism Care Properties (2) Limited (1)	Property management	100% ordinary share capital
Autism Care (Properties) Limited (2)	Property management	100% ordinary share capital
Autism Care UK (3) Limited (2)	Residential care	100% ordinary share capital
Autism Care UK (4) Limited (2)	Residential care	100% ordinary share capital
Burgess Care Limited (1)	Residential care	100% ordinary share capital
Clearoutcome Limited (2)	Non-trading	100% ordinary share capital
Living Ambitions Limited (1)	Supported living services	100% ordinary share capital
Homebridge Two Limited (1)	Property management	100% ordinary share capital
Brighton and Sussex Care Limited (1)	Supported living services	100% ordinary A share capital 100% ordinary B share capital 100% ordinary C share capital
Keys Hill Park Limited (1)	Residential care	100% ordinary share capital
SIL.2 Limited (1)	Supported living services	100% ordinary share capital

The registered office of all fixed asset investments listed above is: No.2 The Square, Birchwood Boulevard, Warrington, WA3 7QY except for the company with annotation *: 2nd Floor, Suite 1a1, Metropolitan House, High Street, Inverness, IV1 1HT.

(1) Directly owned by Lifeways Finance Limited
(2) Indirectly owned by Lifeways Finance Limited

16. Debtors

	Group 2023	Group 2021 As restated*	**Company 2023**	Company 2021
	£	£	**£**	£
Trade debtors	**15,778,647**	15,926,242	**-**	-
Amount owed by Group undertakings	**-**	-	**-**	-
Other debtors	**433,191**	964,983	**-**	-
Prepayments and accrued income	**13,756,341**	12,770,474	**62,707**	122,046
Deferred taxation (note 18)	**-**	-	**1**	1
	29,968,179	29,661,699	**62,708**	122,047

*See note 11

Company

The amounts due in relation to intercompany receivables of £1,046,078 has been fully provided resulting in a net balance of £nil (2021: £nil). The prior year intercompany receivables were formally released following completion of the RP. See note 1.2 for further details.

Amounts owed by group undertakings have no fixed repayment date.

17. Cash and cash equivalents

	Group 2023	Group 2021	**Company 2023**	Company 2021
	£	£	**£**	£
Cash at bank and in hand	**14,786,088**	18,688,740	**3,866**	3,861
	14,786,088	18,688,740	**3,866**	3,861

18. Creditors: Amounts falling due within one year

	Group 2023	Group 2021 As restated*	**Company 2023**	Company 2021 As restated*
	£	£	**£**	£
Trade creditors	**3,439,364**	2,585,485	**33,793**	80,124
Amounts owed to group undertakings	**439,246**	124,179,096	**170,692,518**	290,024,523
Corporation tax	**1,512,540**	-	**102,993**	-
Taxation and social security	**16,293,053**	17,740,765	**-**	-
Other creditors	**10,931,256**	5,885,610	**5,714,514**	4,721
Accruals and deferred income	**10,945,899**	8,099,908	**7,339,034**	1,589,136
	43,561,358	158,490,864	**183,882,852**	291,698,504

*See note 11

Group and company

The amounts due to related parties reduced following completion of the RP. See note 1.2 for further details.

19. Deferred taxation

At the Statement of Financial Position date, the Group has unrecognised deferred tax assets of £5,030,466 (2021: £10,342,456) which have not been recognised for deferred tax purposes on the basis that the ability to utilise these amounts in the foreseeable future is uncertain.

Group

	2023 (18 months) £	2021 (12 months) £
At start of period	**-**	-
Charged to income statement	**(203,000)**	10,765
Charged to other comprehensive income	**203,000**	(10,765)
At end of period	**-**	-

The deferred taxation balance is made up as follows:

	2023 (18 months) £	2021 (12 months) £
Fixed asset timing differences	**254,631**	(8,158)
Losses	**(585,446)**	(907)
Short term timing differences	**330,815**	9,065
	-	-

20. Provisions

Dilapidation provision	**2023**	2021
	£	£
At start of period	**1,693,877**	1,795,155
Additions	**1,567,971**	-
Utilised in period	**(144,283)**	(68,751)
Released	**(805,926)**	(32,527)
At end of period	**2,311,639**	1,693,877

Dilapidation provision

The dilapidations represent the directors' estimates of the present value of amounts potentially due in respect of dilapidations to leased properties occupied by the Group. The provision is expected to be utilised in line with the expiration of the operating leases over the lease term. The lease terms vary between one and thirty-three years. The impact of discounting is considered to be immaterial.

The Group released £497,581 of provision relating to leases compromised as part of the RP. See note 1.2 for further details. The remaining releases during the period related to leases either terminated or exited as part of ordinary business activity.

Onerous lease provision	**2023**	2021
	£	£
At start of period	**13,630,765**	4,711,042
Additions	**1,142,707**	14,710,623
Utilised in period	**(6,506,896)**	(4,908,445)
Released	**(8,266,576)**	(882,455)
At end of period	**-**	13,630,765

Onerous lease provision

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The Group released £8,266,576 of provision relating to leases compromised as part of the RP. See note 1.2 for further details.

21. Share capital

Group and Company

	2023	2021
	£	£
Allotted, called up and fully paid:		
29,200 (2021: 29,200) Ordinary shares of £0.01 each	**292**	292
	292	292

The Company has one class of ordinary shares which carry no right to fixed income.

22. Share based payment

In the period ended 28 February 2023, the Vita Topco Group operated an equity-settled share-based payment plan as described below.

The Group recognised total expenses of £nil in respect of equity-settled share-based payment transactions in the period ended 28 February 2023.

The Vita Topco Limited Management Incentive Plan (the "MIP")

In February 2023 certain employees of the company have subscribed for Ordinary B and C shares in Vita Topco Limited ("Topco"), having substantially agreed the terms of the scheme on 22 February 2023 (deemed to be the grant date). These shares provide a preferential share of profits to shareholders of the Ordinary B and C shares in the event that an exit event occurs past certain hurdles, subject to ongoing employment by those individuals. This means that the Ordinary B and C shares are to be accounted for as a share-based payment.

The group has recognised no expense in its profit and loss account due to the immaterial impact in the financial period. The total fair value of the scheme, as determined on the grant date, is £1,843,468.

The equity was granted such that it takes the form of a fixed return of proceeds beyond hurdles. The scheme was valued using a Monte-Carlo simulation model, the inputs for which were as follows, using a panel of listed equities:

Share class	**B**	**C**
Grant date	22 February 2023	22 February 2023
Number of shares granted	1,050	2,102
Vesting period	2.8 years	2.8 years
Expected award life	2.8 years	2.8 years
Acquisition price	£303.64 per share	£43.08 per share
Fair value	£732.73 per share	£510.99 per share
Expected volatility	40.44%	40.44%
Expected dividend yield	0%	0%
Risk-free rate	3.600%	3.600%

23. Pension commitments

Defined Contribution Scheme

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charges to profit or loss in the period ended 28 February 2023 was £5,332,325 (2021: £3,815,454).

Defined Benefit Scheme

The Group operates two defined benefit pension schemes for qualifying employees of its subsidiaries in Lifeways Community Care Limited and Future Homecare Limited. Under the schemes, the employees are entitled to retirement benefits varying between 1/80th and 1/60th per cent of final salary on attainment of retirement age. No other post-retirement benefits are provided. The schemes are funded schemes. Details of each scheme is provided below

Consolidated results of Lifeways Group Pension Scheme (Lifeways Community Care Limited) and the Prudential Platinum Pension (Future Home Care Limited) schemes are presented below

Amounts recognised in the profit and loss account in respect of the defined benefit schemes are as follows:

	2023	2021
	£	£
Current service cost	**321,000**	254,000
Net interest cost	**25,000**	31,000
Plan introductions, changes, administrative expenses and settlements/curtailments	**111,000**	28,000
Total cost relating to defined benefit scheme	**457,000**	313,000

Recognised in other comprehensive loss - remeasurement of net liability:

	2023	2021
	£	£
Return on scheme assets	**(3,282,000)**	1,094,000
Actuarial gains/(losses)	**6,867,000**	(990,000)
Change in asset ceiling (excluding interest income)	**(1,543,000)**	-
Unrecoverable scheme assets	**(558,000)**	-
Net recognised in other comprehensive income	**1,484,000**	104,000

The amount included in the Statement of Financial Position arising from the Group's obligations in respect of its defined benefit schemes is as follows:

	2023	2021
	£	£
Present value of defined benefit obligations	**(8,569,000)**	(14,999,000)
Fair value of scheme assets	**11,620,000**	13,578,000
Change in asset ceiling (excluding interest income)	**(1,543,000)**	-
Unrecoverable scheme assets	**(558,000)**	-
Net asset/(liability) recognised in the Statement of Financial Position	**950,000**	(1,421,000)

23. Pension commitments (continued)

Consolidated results of Lifeways Group Pension Scheme (Lifeways Community Care Limited) and the Prudential Platinum Pension (Future Home Care Limited) schemes (continued)

Movements in the present value of defined benefit obligations were as follows:

	2023 £	2021 £
At start of period	**(14,999,000)**	(13,642,000)
Service cost	**(321,000)**	(254,000)
Interest	**(383,000)**	(234,000)
Actuarial gains and losses	**6,867,000**	(990,000)
Contributions from scheme participants	**(62,000)**	(6,000)
Benefits paid	**329,000**	127,000
At end of period	**(8,569,000)**	(14,999,000)

Movements in the fair value of scheme assets were as follows:

	2023 £	2021 £
At start of period	**13,578,000**	11,721,000
Interest income	**358,000**	203,000
Return on plan assets	**(3,282,000)**	1,094,000
Contributions from scheme participants	**62,000**	47,630
Contributions from the employer	**1,344,000**	667,370
Benefits paid	**(329,000)**	(127,000)
Administrative expenses	**(111,000)**	(28,000)
At end of period	**11,620,000**	13,578,000

The analysis of the schemes assets at the reporting date was as follows:

	Fair value of assets	
	2023 £	2021 £
Equity instruments	**5,782,000**	6,055,000
Debt instruments	**5,454,000**	7,486,000
Cash	**384,000**	37,000
At end of period	**11,620,000**	13,578,000

Key assumptions on the following pages for each scheme separately.

23. Pension commitments (continued)

Lifeways Group Pension Scheme (Lifeways Community Care Limited) (continued)

The most recent actuarial valuation was in May 2021 for the Lifeways Community Care Limited defined benefit obligation. Deficit recovery contributions are payable on the Lifeways Community Care Limited pension scheme until 31 August 2028.

	Valuation at	
Key assumptions used:	**28 February 2023**	31 August 2021
Discount rate	**5.0%**	1.7%
Future salary increases	**1.9%**	1.7%
Inflation assumption	**3.2%**	3.3%

Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the participants of the defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 60 (2021: 60) are:

	Life expectancy at age 60	
	(period)	(period)
Retiring today:	**2023**	2021
Males	**84.0**	86.4
Females	**87.5**	88.5
Retiring in 20 years:		
Males	**86.1**	87.9
Females	**89.5**	90.1

Amounts recognised in the profit and loss account in respect of the defined benefit schemes are as follows:

	2023	2021
	£	£
Current service cost	**244,000**	200,000
Net interest cost	**32,000**	31,000
Total cost relating to defined benefit scheme	**276,000**	231,000

Recognised in other comprehensive loss - remeasurement of net liability:

	2023	2021
	£	£
Return on scheme assets	**(607,000)**	896,000
Actuarial gains/(losses)	**3,754,000**	(668,000)
Change in asset ceiling (excluding interest income)	**(1,543,000)**	-
Unrecoverable scheme assets	**(558,000)**	-
Net recognised in other comprehensive income	**1,046,000**	228,000

The amount included in the Statement of Financial Position arising from the Group's obligations in respect of its defined benefit schemes is as follows:

	2023	2021
	£	£
Present value of defined benefit obligations	**(4,548,000)**	(7,974,000)
Fair value of scheme assets	**6,649,000**	6,516,000
Change in asset ceiling (excluding interest income)	**(1,543,000)**	-
Unrecoverable scheme assets	**(558,000)**	-
Net liability recognised in the Statement of Financial Position	**-**	(1,458,000)

23. Pension commitments (continued)

Lifeways Group Pension Scheme (Lifeways Community Care Limited) (continued)

Amounts recognised in the profit and loss account in respect of the defined benefit schemes are as follows:

Movements in the present value of defined benefit obligations were as follows:

	2023	2021
	£	£
At start of period	**(7,974,000)**	(7,013,000)
Service cost	**(244,000)**	(200,000)
Interest	**(205,000)**	(128,000)
Actuarial gains and losses	**3,754,000**	(668,000)
Contribution from scheme participants	**(53,000)**	-
Benefits paid	**174,000**	35,000
At end of period	**(4,548,000)**	(7,974,000)

Movements in the fair value of scheme assets were as follows:

	2023	2021
	£	£
At start of period	**6,516,000**	5,229,000
Interest income	**173,000**	97,000
Return on scheme assets	**(607,000)**	896,000
Contributions from scheme participants	**53,000**	41,630
Contributions from the employer	**688,000**	287,370
Benefits paid	**(174,000)**	(35,000)
At end of period	**6,649,000**	6,516,000

The analysis of the scheme assets at the reporting date was as follows:

	Fair value of assets	
	2023	2021
	£	£
Equity instruments	**5,482,000**	5,536,000
Debt instruments	**783,000**	943,000
Cash	**384,000**	37,000
At end of period	**6,649,000**	6,516,000

23. Pension commitments (continued)

Prudential Platinum Pension (Future Home Care Limited)

The most recent actuarial valuation was in December 2021 for the Future Home Care Limited defined benefit obligation. Deficit recovery contributions are payable on the Future Home Care Limited pension scheme until 31 December 2025.

Key assumptions used:	Valuation at 28 February 2023	31 August 2021
Discount rate	**5.0%**	1.7%
Future salary increases	**0.5%**	0.5%
Inflation assumption	**3.1%**	3.2%

Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the participants of the Scheme defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 (2021: 65) are:

	Life expectancy at age 65 (period) 2023	(period) 2021
Retiring today:		
Males	**85.9**	87.2
Females	**88.9**	89.5
Retiring in 20 years:		
Males	**87.2**	88.5
Females	**90.3**	90.9

Amounts recognised in the profit and loss account in respect of the defined benefit schemes are as follows:

	2023 £	2021 £
Current service cost	**77,000**	54,000
Net interest cost	**(7,000)**	-
Plan introductions, changes, administrative expenses and settlements/curtailments	**111,000**	28,000
Total cost relating to defined benefit scheme	**181,000**	82,000

Recognised in other comprehensive loss - remeasurement of net liability:

	2023 £	2021 £
Return on scheme assets	**(2,675,000)**	198,000
Actuarial gains/(losses)	**3,113,000**	(322,000)
Net recognised in other comprehensive income	**438,000**	(124,000)

23. Pension commitments (continued)

Prudential Platinum Pension (Future Home Care Limited) (continued)

The amount included in the Statement of Financial Position arising from the Group's obligations in respect of its defined benefit schemes is as follows:

	2023	2021
	£	£
Present value of defined benefit obligations	**(4,021,000)**	(7,025,000)
Fair value of scheme assets	**4,971,000**	7,062,000
Net asset recognised in the Statement of Financial Position	**950,000**	37,000

Movements in the present value of defined benefit obligations were as follows:

	2023	2021
	£	£
At start of period	**(7,025,000)**	(6,629,000)
Service cost	**(77,000)**	(54,000)
Interest	**(178,000)**	(106,000)
Actuarial gains and losses	**3,113,000**	(322,000)
Contributions from scheme participants	**(9,000)**	(6,000)
Benefits paid	**155,000**	92,000
At end of period	**(4,021,000)**	(7,025,000)

Movements in the fair value of scheme assets were as follows:

	2023	2021
	£	£
At start of period	**7,062,000**	6,492,000
Interest income	**185,000**	106,000
Return on plan assets	**(2,675,000)**	198,000
Contributions from scheme participants	**9,000**	6,000
Contributions from the employer	**656,000**	380,000
Benefits paid	**(155,000)**	(92,000)
Administration expenses	**(111,000)**	(28,000)
At end of period	**4,971,000**	7,062,000

23. Pension commitments (continued)

Prudential Platinum Pension (Future Home Care Limited) (continued)

The analysis of the scheme assets at the reporting date was as follows:

	Fair value of assets	
	2023	2021
	£	£
Equity instruments	**300,000**	519,000
Debt instruments	**4,671,000**	6,543,000
At end of period	**4,971,000**	7,062,000

24. Commitments under operating leases

At 28 February 2023 the Group and Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2023	Group 2021	**Company 2023**	Company 2021
	£	£	**£**	£
Not later than 1 year	**5,317,271**	8,912,067	-	-
Later than 1 year and not later than 5 years	**20,010,753**	33,571,220	-	-
Later than 5 years	**53,983,103**	99,607,278	-	-

25. Charges

A number of the Company's subsidiaries are obligors under the Senior Facilities Agreement with the Company. Total facilities under this agreement are £103.0m (2021: £178.6m).

26. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

27. Related party transactions

The Group is taking advantage of the exemption contained in FRS 102 not to disclose transactions with other group companies.

28. Events after the reporting date

There have been no reportable post balance sheet events.

29. Controlling party

The Company's immediate parent company is Listrac Bidco Limited, a company registered in England and Wales.

In February 2023, formal Restructuring Plans under Part 26A of the UK Companies Act were sanctioned and became effective ("the RP"). The details and outcomes of the plans are detailed in Note 1.2 to these Financial Statements. One outcome is a change in the ultimate ownership of the Group to Vita Topco Limited, a Jersey incorporated entity owned by a consortium of investors.