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Key Care Limited

Registered number: 01309093

Annual report and financial statements

For the year ended 31 October 2020

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KEY CARE LIMITED

COMPANY INFORMATION

Directors	D Robertson G Berville S Wainwright M Lindsay T Rogan N Guilder (appointed 18 March 2020) I Harrison (appointed 22 September 2020)
Registered number	01309093
Registered office	2-3 Quayside House Quayside Salts Mill Road Shipley BD18 3ST
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor 3 Wellington Place Leeds LS1 4AP
Bankers	Yorkshire Bank plc 1 Westgate Shipley BD18 3ST

KEY CARE LIMITED

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KEY CARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2020

The directors present their report and the financial statements for the year ended 31 October 2020.

Directors' Responsibilities Statement

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activities

The principal activity of the company continued to be that of a managing general agent providing key insurance, recovery and assistance products.

Directors

The directors who served during the year were:

D Robertson
R Taylor (resigned 22 September 2020)
G Berville
S Wainwright
M Lindsay
T Rogan
N Guilder (appointed 18 March 2020)
I Harrison (appointed 22 September 2020)

KEY CARE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2020

Going concern

The Company has continued to trade largely in line with expectations during the period. The Company's forecasts and projections, including the directors' best estimates of the ongoing impact of COVID-19, show that the Company should continue to trade profitably in future years.

As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully and to fully comply with its regulatory requirements. The directors have a reasonable expectation that the Company has adequate resources to continue trading successfully for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Business review

The Company continued its principal activities during the year, offering key insurance, recovery and assistance products. The company is authorised and regulated by the FCA as an insurance intermediary.

Despite the COVID-19 pandemic creating difficult market conditions during the financial year to 31 October 2020, the Company continued to make good progress against its long-term strategic targets and has seen the benefits of the reorganisation programme completed in previous years.

The Company has in excess of 2 million policyholders and an increased number of business partners and has continued to generate excellent levels of customer satisfaction and key partner engagement throughout the period. Solid levels of operating profitability and cash were produced, whilst partners and policyholders continue to benefit from our flexible range of key related insurance and assistance services. Our systems architecture and operational infrastructure performed positively through the year, providing an excellent platform for continued growth.

The Audit and Risk Committee, as a subcommittee of the Board, have met regularly throughout the year to review matters relating to Risk, Audit and Compliance and has continued to function well throughout the year.

The Board will continue to monitor the effects of COVID-19 on its market and will continue to develop its products and expand its customer base in line with market conditions. The Board believes the longer term outlook for the business is positive.

Financial review

The Company made a profit after tax for the financial year of £592,783 (2019 - £446,869). The Board considers this to be an excellent outcome in the prevailing market conditions. The Company borrowed £900,000 to fund the acquisition of Time Broker Services Limited and complete its share repurchase programme resulting in a cash outflow of £573,113 (2019 - £226,887). This leaves the business in a comparatively strong financial position with net assets of £634,012 (2019 - £614,342).

Research and development activities

The Company continued to invest heavily in Research & Development Activities in the year, with a continued emphasis on development of both the product offering and investing in the IT infrastructure.

This investment is integral to the future growth of the Company and will continue into next year as we look to enhance our product range and utilise the benefits of our systems to maximise revenue and improve our processes.

KEY CARE LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2020

Impact of the United Kingdom exiting the European Union

The UK withdrew from the European Market on 31 December 2020.

The directors had taken a proactive approach in preparing for Brexit and managing the potential impact it may have had on the company. As such, the effects of Brexit were planned for and the company did not have to put its contingency plan into operation.

Impact of COVID-19 Coronavirus

Although the full ongoing impact of the current COVID-19 Coronavirus pandemic is not clear, it is having a significant detrimental impact on the overall economy. The directors do not expect this impact to be present in the longer term and for market conditions to gradually recover from late 2021. However, it is not currently possible to evaluate all of the potential implications to the Company's trade, customers, suppliers and the wider economy.

Despite the uncertainty, the Company has continued to provide cover and receive requests for assistance since the start of the pandemic and provides key insurance services to a wide range of partners. We consider this leaves us well placed to manage the impact of COVID-19.

The impacts of COVID-19 Coronavirus have therefore not changed the directors' expectations for the Company in the longer term.

Acquisition of own shares

During the year ended 31 October 2020 the Company repurchased 405 C Ordinary shares from a shareholder for consideration totalling £573,113 and this transaction is presented in the Statement of Changes in Equity for the year ended 31 October 2020.

Disclosure of information to auditor

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

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

Post balance sheet events

On 2 November 2020, the company acquired 100% of the share capital of Time Broker Services Limited, a company incorporated in Northern Ireland for an initial consideration of £325,000, deferred payments of £150,000, part of which are linked to performance targets, and additional potential future performance based earn outs. £325,000 of this consideration had been paid pre year end and is included in prepayments at the year end. Their principal activity is that of an insurance agent providing key insurance and assistance services under licence from Keycare Limited.

KEY CARE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2020**

Auditor

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

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on Mar 8, 2021 and signed on its behalf.

Stephen Wainwright
Stephen Wainwright (Mar 8, 2021 12:05 GMT)

S Wainwright
Director

KEY CARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEY CARE LIMITED

Opinion

We have audited the financial statements of Key Care Limited (the 'Company') for the year ended 31 October 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 Company's affairs as at 31 October 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

KEY CARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEY CARE LIMITED

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

KEY CARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEY CARE LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 1, 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 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 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 for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.

Christopher Hudson

Christopher Hudson (Mar 16, 2021 18:25 GMT)

Christopher Hudson (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Date: Mar 16, 2021

KEY CARE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2020**

	Note	2020 £	2019 £
Turnover	2.3	3,489,721	3,502,482
Cost of sales		(577,381)	(619,253)
Gross profit		2,912,340	2,883,229
Administrative expenses		(2,252,961)	(2,215,766)
Exceptional administrative expenses	6	-	(167,872)
Other operating income	4	15,242	-
Operating profit		674,621	499,591
Interest receivable and similar income		420	1,255
Interest payable and expenses		(5,707)	-
Profit before tax		669,334	500,846
Tax on profit		(76,551)	(53,977)
Profit for the year		592,783	446,869

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 11 to 22 form part of these financial statements.

KEY CARE LIMITED
REGISTERED NUMBER: 01309093

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	7	367,289	231,952
Tangible assets	8	55,891	43,182
Investments	9	45,029	1
		<u>468,209</u>	<u>275,135</u>
Current assets			
Stocks		97,906	117,309
Debtors: amounts falling due within one year	10	1,184,058	545,694
Cash at bank and in hand	11	682,694	522,312
		<u>1,964,658</u>	<u>1,185,315</u>
Creditors: amounts falling due within one year	12	(1,033,758)	(788,009)
Net current assets		<u>930,900</u>	<u>397,306</u>
Total assets less current liabilities		<u>1,399,109</u>	<u>672,441</u>
Creditors: amounts falling due after more than one year	13	(706,913)	(26,668)
Provisions for liabilities			
Deferred tax		(58,184)	(31,431)
Net assets		<u><u>634,012</u></u>	<u><u>614,342</u></u>
Capital and reserves			
Called up share capital		3,869	4,274
Share premium account		23,695	23,695
Capital redemption reserve		2,580	2,175
Profit and loss account		603,868	584,198
		<u>634,012</u>	<u>614,342</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

Stephen Wainwright
 Stephen Wainwright (Mar 8, 2021 12:05 GMT)

Mar 8, 2021

S Wainwright
 Director

The notes on pages 11 to 22 form part of these financial statements.

KEY CARE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2020**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 November 2019	4,274	23,695	2,175	584,198	614,342
Comprehensive income for the year					
Profit for the year	-	-	-	592,783	592,783
Total comprehensive income for the year	-	-	-	592,783	592,783
Contributions by and distributions to owners					
Purchase of own shares	-	-	405	(573,113)	(572,708)
Shares cancelled during the year	(405)	-	-	-	(405)
Total transactions with owners	(405)	-	405	(573,113)	(573,113)
At 31 October 2020	3,869	23,695	2,580	603,868	634,012

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2019**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 November 2018	4,434	23,695	2,015	364,216	394,360
Comprehensive income for the year					
Profit for the year	-	-	-	446,869	446,869
Total comprehensive income for the year	-	-	-	446,869	446,869
Contributions by and distributions to owners					
Purchase of own shares	-	-	160	(226,887)	(226,727)
Shares cancelled during the year	(160)	-	-	-	(160)
Total transactions with owners	(160)	-	160	(226,887)	(226,887)
At 31 October 2019	4,274	23,695	2,175	584,198	614,342

The notes on pages 11 to 22 form part of these financial statements.

KEY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

1. General information

Key Care Limited is a private company, limited by shares, registered in England and Wales, registration number 01309093. The registered office is 2-3 Quayside House, Quayside, Salts Mill Road, Shipley, BD18 3ST.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has adopted the triennial review of FRS102 effective for periods commencing on or after 1 January 2019.

The policies applied under the entity's previous accounting framework are not materially different to the triennial review of FRS 102 and have not impacted on equity or profit or loss.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis.

The directors, having reviewed the forecasts and projections of the Company, believe that the Company is well placed to manage its business risks successfully and to fully comply with its regulatory requirements. The directors have a reasonable expectation that the Company has adequate resources to continue trading successfully for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Income recognition

Turnover represents commission earned in the ordinary course of business for the sale of key recovery and lifestyle protection policies sold.

Commissions are recognised as revenue on the effective commencement or renewal dates of the related policies. Where the Company is required to render further post placement services, such as handling claims, an appropriate proportion of the revenue is deferred and recognised as revenue over the period those services are provided.

Profit share commissions are recognised on a cash basis.

KEY CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Trademarks are amortised on a straight line basis over five years. Development costs in relation to projects which is expected to deliver economic benefit to the Company in future years are not amortised until the development phase of the project is complete.

2.5 Tangible fixed assets

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

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

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:

Leasehold improvements	-	20% straight line
Office equipment	-	25% straight line
Computer equipment	-	25% straight line

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 profit or loss.

KEY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

2. Accounting policies (continued)**2.6 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

The Company is taking advantage of the exemption available to it under section 383 of the Companies Act 2006 which permits the exemption from producing consolidated financial statements as both the parent company and group qualify as small.

2.8 Debtors

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

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans.

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

KEY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

2. Accounting policies (continued)**2.11 Creditors**

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

2.12 Foreign currency translation

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

2.13 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.14 Pensions**Defined contribution pension plan**

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

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

2.15 Interest income

Interest income is recognised in profit or loss using the effective interest method.

KEY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

2. Accounting policies (continued)**2.16 Provisions for liabilities**

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

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

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the 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.

KEY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

2. Accounting policies (continued)**2.18 Insurance transactions**

The Company acts as an agent in broking insurance risk to its clients. Generally it is not liable as a principal for either premiums due to underwriters or for claims or returns premiums payable to clients. In recognition of this relationship, debtors and creditors arising from insurance broking transactions are not shown as assets and liabilities respectively.

The commission due to the Company is recognised in trade debtors due within one year.

The Company holds restricted cash in respect of its insurance activities. The use of this cash is restricted to the settlement of applicable insurance claims and creditors. The Company is, however, entitled to retain the investment income arising from these cash transactions; accordingly this cash is considered an asset of the company and recorded on the Statement of Financial Position with a corresponding insurance liability recognised.

2.19 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.20 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.21 Finance costs

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

2.22 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

KEY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

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

The key judgements that the directors have made in the process of applying the Company's accounting policies are discussed below.

(i) Assessing indicators of impairment

The Company has significant current and non-current assets. In assessing whether there have been any indicators of impairment to these assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability and in the case of intangible assets, the ability of the asset to be operated as planned. No impairment indicators were noted during the period.

Key sources of estimation uncertainty

The Directors do not consider there to be any key assumptions concerning the future or any other key sources of estimation uncertainty, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Other operating income

	2020 £	2019 £
Government grants receivable	15,242	-
	<u>15,242</u>	<u>-</u>

5. Employees

The average monthly number of employees, including directors, during the year was 45 (2019 - 45).

6. Exceptional administrative expenses

	2020 £	2019 £
Restructuring activities	-	167,872
	<u>-</u>	<u>167,872</u>

During the prior year the Company incurred expenditure in relation to a strategic business review. This review prompted restructuring activities totalling £167,682.

KEY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

7. Intangible assets

	Development £	Trademarks £	Total £
Cost			
At 1 November 2019	231,952	5,265	237,217
Additions	135,337	-	135,337
At 31 October 2020	367,289	5,265	372,554
Amortisation			
At 1 November 2019	-	5,265	5,265
At 31 October 2020	-	5,265	5,265
Net book value			
At 31 October 2020	367,289	-	367,289
At 31 October 2019	231,952	-	231,952

During the year development costs were capitalised in relation to a project which is expected to deliver economic benefit to the Company in future years. The project was not operational by 31 October 2020 and thus there has been no amortisation charged.

KEY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

8. Tangible fixed assets

	Leasehold improvements £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 November 2019	7,629	128,887	200,862	337,378
Additions	13,259	3,301	20,675	37,235
At 31 October 2020	20,888	132,188	221,537	374,613
Depreciation				
At 1 November 2019	7,400	122,693	164,104	294,197
Charge for the year on owned assets	1,729	5,769	17,027	24,525
At 31 October 2020	9,129	128,462	181,131	318,722
Net book value				
At 31 October 2020	11,759	3,726	40,406	55,891
At 31 October 2019	229	6,195	36,758	43,182

9. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 November 2019	1
Additions	45,028
At 31 October 2020	45,029

KEY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

9. Fixed asset investments (continued)**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Key Care Assistance Limited	77 Camden Street Lower, St Kevin's, Dublin, D02 XE80	Ordinary A	100%

The aggregate of the share capital and reserves as at 31 October 2020 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves €	Profit/(Loss) €
Key Care Assistance Limited	42,686	(7,313)

The Company is taking advantage of the exemption available to it under section 383 of the Companies Act 2006 which permits the exemption from producing consolidated financial statements as both the parent company and group qualify as small.

10. Debtors

	2020 £	2019 £
Trade debtors	564,783	345,182
Amounts owed by group undertakings	10,159	-
Other debtors	29,168	36,172
Prepayments and accrued income	579,948	164,340
	<u>1,184,058</u>	<u>545,694</u>

KEY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

11. Cash and cash equivalents

	2020 £	2019 £
Bank balances insurance trust accounts	410,163	430,859
Bank balances - office accounts	272,531	91,452
	<u>682,694</u>	<u>522,311</u>

Included within the Insurance trust accounts at the year end are undrawn down commissions totalling £246,113 (2019 - £332,810). The balance of the Insurance trust account is attributable to claims floats presented within insurance creditors in note 13.

12. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans	168,666	-
Trade creditors	40,084	78,375
Insurance creditors	124,167	94,446
Corporation tax	46,917	-
Other taxation and social security	44,198	45,518
Other creditors	211,148	131,858
Accruals and deferred income	398,578	437,812
	<u>1,033,750</u>	<u>788,009</u>

The bank loan is secured by way of a fixed and floating charge over the assets of the company.

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

	2020 £	2019 £
Bank loans	706,913	-
Accruals and deferred income	-	26,668
	<u>-</u>	<u>26,668</u>

The bank loan is secured by way of a fixed and floating charge over the assets of the company.

The non current portion of the bank loan is split between 174,722 payable in 1-2 years and 532,191 payable in 2-5 years.

KEY CARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

14. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £84,518 (2019 - £97,265). Contributions totalling £975 (2019 - £8,499) were payable to the fund at the balance sheet date and are included in other creditors.

15. Commitments under operating leases

The Company had no commitments under non-cancellable operating leases at the reporting date.

Operating lease rentals of £79,723 (2019 - £85,555) were charged through the statement of comprehensive income during the year.

16. Related party transactions

During the year Key Care Limited was charged £43,200 (2019 - £38,400) for services supplied by a company with a common shareholder. Of these services there was £nil (2019 - £nil) outstanding at the reporting date.

During the year Key Care Limited was charged £nil (2019 - £6,400) for consultancy services supplied by a company with a common director. Of these services there was £nil (2019 - £nil) outstanding at the reporting date.

During the year the Company repurchased 405 (2019 - 160) C Ordinary shares for a consideration of £573,113 (2019 - £226,887).

Total Directors' remuneration for the year was £548,767 (2019 - £513,397). Pension contributions paid to Directors in the year totalled £45,885 (2019 - £47,301). During the year Directors were granted 620 options over E1 ordinary shares in the Company.

R Taylor is a shareholder and served as a Director during the year. R Taylor has given a personal guarantee of £200,000 in respect of the bank loans.

17. Post balance sheet events

On 2 November 2020, the company acquired 100% of the share capital of Time Broker Services Limited, a company incorporated in Northern Ireland for an initial consideration of £325,000, deferred payments of £150,000, part of which are linked to performance targets, and additional potential future performance based earn outs. £325,000 of this consideration had been paid pre year end and is included in prepayments at the year end. Their principal activity is that of an insurance agent providing key insurance and assistance services under licence from Keycare Limited.