

# Keys Active 8 Care Limited

Annual report and financial statements

Year ended 31 March 2022

Company registration number: 05107898

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# Keys Active 8 Care Limited

## Annual report and financial statements

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# Keys Active 8 Care Limited

## Directors and other information

### **Directors**

D L Manson  
C J Anderton  
E Beech  
E D H Svensson  
A A Dokszeicz

### **Auditor**

KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

### **Registered office**

Maybrook House  
Second Floor  
Queensway  
Halesowen  
B63 4AH

### **Company registration number**

05107898

# Keys Active 8 Care Limited

## Strategic report

The directors present their strategic report for the year ended 31 March 2022.

### Principal activity

The principal activity of the company is the provision of social work services and accommodation, including the provision of outdoor activities and holidays for children living in residential care homes.

### Business review

The results for the year are set out in the profit and loss account on page 10 and in the related notes.

In order to reflect the fact that the company no longer manages the contractual relationships with Local Authorities (as these contracts are in the main with a fellow group company, Keys PCE Limited), an arm's length mark-up has been applied to profit before interest and tax. This percentage mark-up may vary over time to ensure that it continues to provide an arm's length return to the company, based on the care services that it provides. If contracts are still in the process of being novated to Keys PCE Limited the company providing care services will retain some of their own billing. If a company is generating an overall profit before interest and tax lower than the agreed full cost mark-up, Keys PCE Limited credits the company such that the agreed arm's length full cost mark-up is met. The directors feel that this gives an appropriate representation of the company's results.

The company experienced a decrease in turnover of 13% to £2,130,000 and a decrease in cost of sales of 18% to £1,738,000. Administrative expenses decreased by 49% to £138,000. Profit before tax increased by £91,000 to give a profit before tax of £139,000 in the current year.

### Group restructure

On 1 July 2022, Keys Group merged with Accomplish Group (known as "Combined Group" henceforth). Accomplish has been providing specialist care and support for people with autism, mental health needs, learning disabilities and acquired brain injuries for more than 25 years. They operate throughout England and South Wales from 115 residential and supported living settings. Accomplish and Keys are both owned by G Square.

As a result of this merger the existing banking facilities were replaced with a combined facility for the Combined Group. This consists of a £270m Unitranche Facility expiring on 1 July 2029, with access to a Committed Capex/Acquisition Unitranche Facility of £50m expiring on 1 July 2029 and a Revolving Credit Facility of £15m expiring on 1 January 2029. The Keys Group still retains the £15m of £12% preference shares, however as part of the merger with Accomplish Group, the preference shares are now redeemable on the 10<sup>th</sup> anniversary of the adoption date or on an exit.

### Covid-19

Like all businesses around the world the Group has been managing the impact of the global pandemic caused by the spread of the COVID-19 virus. The Group identified the risks at an early stage and established robust processes to manage and monitor the pandemic including the establishment of a pandemic response team. The majority of the Group's previously office-based staff are now working remotely, aided by the investments the Group has made in its technology infrastructure. All of the Group's homes and schools remained open throughout the pandemic. As a result of the actions taken and the fact that the Group's support for young people remains as critical a need as ever, the pandemic has not materially impacted the Group's trading position or future prospects.

# Keys Active 8 Care Limited

## Strategic report *(continued)*

### **Principal risks and uncertainties**

The Directors consider that the principal risks and uncertainties of the Company reflect those of the wider Group.

The management of the business and the execution of the Group's strategy are subject to a number of risks. The major risks and uncertainties are addressed through the Group's senior leadership team which meets on a monthly basis. In addition, the Group has a Governance Committee which meets on a quarterly basis to consider all aspects of governance, quality and risks.

The key risks and uncertainties facing the Group are considered to relate to quality of care delivery, the regulatory environment and financial management.

The quality of care is monitored by an experienced quality compliance team through the establishment of robust policies and procedures. The homes are regularly audited by the team to ensure compliance with care standards.

The Group operates in a heavily regulated industry. The Group places a strong emphasis on ensuring that every service exceeds its regulatory obligations. Where regulators do identify requirements to improve, these are rapidly implemented and lessons learned are applied throughout the organisation.

The health and safety of the people we support and of our employees is of prime importance to the Group. The Group has a health and safety policy which is managed and monitored by the Group's senior leadership team. In the current environment of austerity within central and local government and with annual increases in the National Living Wage, there is a risk that fees do not rise in line with costs, resulting in pressure on margins.

The failure to attract and retain appropriately qualified staff could result in higher agency staff costs with a risk that this would have a negative impact on quality and profitability.

### **Financial risk management**

The Group is funded by long term shareholder and bank loans. The cost of funding bank loans is linked to the rate of LIBOR and the Group has taken out an interest rate swap which caps the rate of interest that it is charged on £159.225m of the drawn debt until 31 March 2024.

### **Liquidity risk**

The Group seeks to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably, and has undrawn facilities available if required. Cash flow is forecast on a daily basis to monitor the Group's liquidity position.

### **Key performance indicators**

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using additional KPIs other than those already noted above, is not necessary for an understanding of the development, performance or position of the business.

# Keys Active 8 Care Limited

## Strategic report *(continued)*

### **Future outlook**

The directors consider both the results for the year and trading prospects to be satisfactory. It is the director's intention to continue to develop the present activities of the company.

On behalf of the Board



C J Anderton  
*Director*

2 August 2022

Maybrook House  
Second Floor  
Queensway  
Halesowen  
B63 4AH

# Keys Active 8 Care Limited

## Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2022.

### Dividends

No dividends were paid during the year (2021: *£nil*).

### Directors

The directors who held office during the period were as follows:

D L Manson  
C J Anderton  
E Beech  
E D H Svensson  
A A Dokszeicz (appointed 5 May 2022)

### Political donations

The company made no political donations nor incurred any political expenditure during the year (2021: *£nil*).

### Going concern

The financial statements have been prepared on a going concern basis. The directors consider this to be appropriate for the reasons set out in note 1.

### Disclosure of information to auditor

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

### Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



C J Anderton  
Director

2 August 2022

Maybrook House, Second Floor, Queensway, Halesowen B63 4AH

## Keys Active 8 Care Limited

### Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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

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

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

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

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



## Independent auditor's report to the members of Keys Active 8 Care Limited

We have audited the financial statements of Keys Active 8 Care Limited ("the Company") for the year ended 31 March 2022, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Going concern**

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

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

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

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

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

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

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

## Independent auditor's report to the members of Keys Active 8 Care Limited (continued)

As required by auditing standards, and taking into account, our overall knowledge of the control environment we perform procedures to address the risk of management override of controls, in particular the risk that Company management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the simple nature of revenue transactions and the lack of incentive for management to manipulate results due to the limited pressure to meet performance targets in place.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to seldom used accounts and unexpected account combinations.

### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

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

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

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

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

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

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

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

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

### **Strategic report and directors' report**

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

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

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

## Independent auditor's report to the members of Keys Active 8 Care Limited (continued)

### Matters on which we are required to report by exception

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

- ~~adequate accounting records have not been kept; 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.

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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



**Nicola Davies (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snowhill  
Snow Hill Queensway  
Birmingham, B4 6GH United Kingdom  
3 August 2022

# Keys Active 8 Care Limited

## Profit and loss account

Year ended 31 March 2022

	<i>Note</i>	<b>2022</b> <b>£'000</b>	2021 <b>£'000</b>
<b>Turnover</b>	3	<b>2,130</b>	2,442
Cost of sales		<b>(1,738)</b>	(2,123)
<b>Gross profit</b>		<b>392</b>	319
Administrative expenses, before exceptional costs		<b>(147)</b>	(151)
Exceptional income/(costs)	6	<b>9</b>	(120)
Administrative expenses		<b>(138)</b>	(271)
<b>Operating profit</b>		<b>254</b>	48
(Loss)/Profit on disposal of fixed assets		<b>(115)</b>	-
<b>Profit before taxation</b>	7	<b>139</b>	48
Tax on profit	8	<b>(10)</b>	(3)
<b>Profit for the financial year</b>		<b>129</b>	45

All amounts relate to continuing operations.

The company had no other comprehensive income other than that dealt with in the profit and loss account and accordingly, a statement of other comprehensive income has not been presented.

The accompanying notes are an integral part of the financial statements.

# Keys Active 8 Care Limited

## Balance sheet

As at 31 March 2022

	<i>Note</i>	<b>2022</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>	2021 £'000	2021 £'000
<b>Fixed assets</b>					
Tangible assets	9		764		1,036
<b>Current assets</b>					
Debtors	10	9,300		7,562	
Cash at bank and in hand		179		125	
		9,479		7,687	
<b>Creditors:</b> amounts falling due within one year	11	(8,306)		(6,908)	
<b>Provisions:</b> amounts falling due within one year	12	-		(17)	
<b>Net current assets</b>			1,173		762
<b>Total assets less current liabilities</b>			1,937		1,798
<b>Provisions for liabilities:</b>	12		(21)		(11)
<b>Net assets</b>			1,916		1,787
<b>Capital and reserves</b>					
Called up share capital	13	-		-	
Profit and loss account		1,916		1,787	
<b>Shareholders' funds</b>			1,916		1,787

These financial statements were approved by the board of directors on 2 August 2022 and signed on its behalf by:



C J Anderton  
Director

Company registration number: 05107898

The accompanying notes are an integral part of the financial statements.

# Keys Active 8 Care Limited

## Statement of changes in equity

*Year ended 31 March 2022*

	<b>Profit and loss account £'000</b>	<b>Share capital £'000</b>	<b>Total £'000</b>
Balance at 1 April 2020	1,742	-	1,742
<b>Total comprehensive income for the year</b>			
Income	45	-	45
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	45	-	45
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2021</b>	<b>1,787</b>	<b>-</b>	<b>1,787</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	<b>Profit and loss account £'000</b>	<b>Share capital £'000</b>	<b>Total £'000</b>
Balance at 1 April 2021	1,787	-	1,787
<b>Total comprehensive income for the year</b>			
Income	129	-	129
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	129	-	129
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2022</b>	<b>1,916</b>	<b>-</b>	<b>1,916</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

# Keys Active 8 Care Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Keys Active 8 Care Limited (the “company”) is a private company limited by shares, incorporated and domiciled in England in the United Kingdom.

The financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006. The presentation currency of these financial statements is sterling. Monetary amounts in these financial statements are rounded to the nearest £’000.

The company’s ultimate parent undertaking, Keys Group Limited includes the company in its consolidated financial statements. The consolidated financial statements of Keys Group Limited are prepared in accordance with FRS102 and are available to the public as stated in note 17. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Keys Group Limited include the disclosures equivalent to those required by FRS 102, the company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

#### ***Measurement convention***

The financial statements are prepared on the historical cost basis.

#### ***Going concern***

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the reasons set out below.

# Keys Active 8 Care Limited

## Notes *(continued)*

### **1 Accounting policies *(continued)***

#### ***Going concern (continued)***

The Keys Group (defined as Keys Group Limited and subsidiaries), of which the Company is a member, merged with another provider of care, the Accomplish Group post year end on 1 July 2022 (known as “Combined Group” henceforth). As a result of this merger the existing banking facilities were replaced with a combined facility for the Combined Group. This consists of a £270m Unitranche Facility expiring on 1 July 2029, with access to a Committed Capex/Acquisition Unitranche Facility of £50m expiring on 1 July 2029 and a Revolving Credit Facility of £15m expiring on 1 January 2029. The Keys Group still retains the £15m of £12% preference shares, however as part of the merger with Accomplish Group, the Preference shares are now redeemable on the 10<sup>th</sup> anniversary of the adoption date or on an exit.

Management have prepared cash flow forecasts and accompanying covenant compliance calculations for the Combined Group for the period of 12 months from the signing of these financial statements, including what they consider to be a reasonably possible downside scenario. The cash outflows associated with the Combined Group’s debt in this period are limited only to bank interest payments, limiting the size of required cash outflows on the Combined Group’s financing. These cash flow forecasts indicate that the Combined Group will have sufficient funds to meet its liabilities as they fall due for that period and comply with all debt covenants.

The nature of the Keys Group operations means there is extensive intercompany trading and intercompany balances. Keys Group Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due between group companies at the balance sheet date, during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

#### ***Classification of financial instruments issued by the company***

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

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company’s own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company’s own equity instruments or is a derivative that will be settled by the company’s exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.



# Keys Active 8 Care Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Classification of financial instruments issued by the company (continued)*

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

#### *Basic financial instruments*

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

##### *Trade and other debtors / creditors*

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

#### *Tangible fixed assets and depreciation*

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

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

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

The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described in the expenses section below.

The company assesses at each reporting date whether tangible fixed assets are impaired.

# Keys Active 8 Care Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets (continued)*

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. No depreciation is charged to the profit and loss account in relation to land. The estimated useful lives are as follows:

Freehold buildings	2% straight line
Fixtures & fittings	10% straight line
Motor vehicles	25% straight line
Computer equipment	25% straight line

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

#### *Impairment excluding deferred tax assets*

##### *Financial assets (including trade and other debtors)*

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

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

#### *Employee benefits*

##### *Defined contribution plans*

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

# Keys Active 8 Care Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Turnover*

Turnover generated on the provision of childcare facilities is recognised on the delivery of services in accordance with agreed contract terms. In order to reflect the fact that the company no longer manages the contractual relationships with Local Authorities (as these contracts are in the main with a fellow group company, Keys PCE Limited), an arm's length mark-up has been applied to profit before interest and tax. This percentage mark-up may vary over time to ensure that it continues to provide an arm's length return to the company, based on the care services that it provides. If contracts are still in the process of being novated to Keys PCE Limited the company providing care services will retain some of their own billing. If a company is generating an overall profit before interest and tax lower than the agreed full cost mark-up, Keys PCE Limited credits the company such that the agreed arm's length full cost mark-up is met. The directors feel that this gives an appropriate representation of the company's results.

#### *Expenses*

##### *Operating lease*

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

#### *Taxation*

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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

# Keys Active 8 Care Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation (continued)*

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

#### *Provisions*

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

### 2 Judgements and key sources of estimation uncertainty

There are no material accounting judgements or estimates utilised in the presentation of the financial statements.

### 3 Turnover

	2022 £'000	2021 £'000
Rendering of services	169	220
Operating fee income from Keys PCE Limited	1,961	2,222
	<hr/>	<hr/>
	2,130	2,442
	<hr/>	<hr/>

All of the company's activities are carried out in the United Kingdom.

# Keys Active 8 Care Limited

## Notes (continued)

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows:

	2022 No.	2021 No.
Care staff	44	47
Administration staff	1	3
	<u>45</u>	<u>50</u>

The aggregate payroll costs of these persons were as follows:

	2022 £'000	2021 £'000
Wages and salaries	1,330	1,637
Social security costs	144	173
Contributions to defined contribution pension plans	32	49
	<u>1,506</u>	<u>1,859</u>

### 5 Directors' remuneration

The directors did not receive any emoluments for their qualifying services provided to the company during the year (2021: £nil).

### 6 Exceptional (income)/costs

The company separately identifies and discloses exceptional items, by virtue of their size, nature or occurrence. The key elements of this expenditure are set out below:

	2022 £'000	2021 £'000
Provisions (note 12)	(13)	17
Redundancies	-	58
Covid-19	-	45
Closure Costs	4	-
	<u>(9)</u>	<u>120</u>

The above income and costs have been classified as exceptional to the extent that they relate to one-off income or costs including restructuring and rationalisation of the group.

# Keys Active 8 Care Limited

## Notes (continued)

### 7 Expenses and auditor's remuneration

	2022 £'000	2021 £'000
<i>Included in profit are the following:</i>		
Operating leases:		
- other	20	18
Depreciation of tangible fixed assets:		
- owned assets	48	44
Loss on disposal of fixed asset	115	-
	<u>183</u>	<u>62</u>

Audit fees of £3,000 (2021: £3,000) have been borne by a fellow group company, Keys PCE Limited.

### 8 Taxation

Total tax expense recognised in the profit and loss account	2022 £'000	2021 £'000
<i>Current tax</i>		
Current tax on income for the year	-	-
Adjustment in respect of prior years	-	-
	<u>-</u>	<u>-</u>
<b>Total current tax</b>	-	-
<i>Deferred tax (note 12)</i>		
Origination and reversal of timing differences	6	3
Impact of change of tax rates	4	-
	<u>10</u>	<u>3</u>
<b>Total deferred tax</b>	10	3
	<u>10</u>	<u>3</u>
<b>Total tax</b>	<u>10</u>	<u>3</u>

# Keys Active 8 Care Limited

## Notes (continued)

### 8 Taxation (continued)

#### Factors affecting the tax charge for the year

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit excluding taxation	139	48
Tax using the UK corporation tax rate of 19% (2021: 19%)	26	9
Non-deductible expenses	6	8
Transfer pricing adjustment	10	11
Profit/loss on disposal ineligible assets	22	-
Group relief surrendered not paid for	(61)	(25)
Impact of change in rate on deferred tax balances	4	-
Impact of difference between current and deferred tax rates	1	-
	<hr/>	<hr/>
Total tax expense included in profit or loss	10	3
	<hr/>	<hr/>

#### Factors affecting the tax charge

The standard rate of UK corporation tax rate during the period is 19%. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. The Finance Bill bringing this into force was substantively enacted on 24th May 2021. This rate increase will have a consequential effect on the company's future tax charge. The deferred tax liability at 31 March 2022 has been calculated at 25%.

# Keys Active 8 Care Limited

Notes (continued)

## 9 Tangible fixed assets

	Freehold property £'000	Fixtures & fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 April 2021	1,185	235	1	82	1,503
Additions	-	112	-	5	117
Disposals	(405)	(101)	(1)	(67)	(574)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2022</b>	<b>780</b>	<b>246</b>	<b>-</b>	<b>20</b>	<b>1,046</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 April 2021	319	79	1	68	467
Charge for the year	19	26	-	3	48
Disposals	(113)	(52)	(1)	(67)	(233)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2022</b>	<b>225</b>	<b>53</b>	<b>-</b>	<b>4</b>	<b>282</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
<b>At 31 March 2022</b>	<b>555</b>	<b>193</b>	<b>-</b>	<b>16</b>	<b>764</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	866	156	-	14	1,036
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## 10 Debtors

	2022 £'000	2021 £'000
Trade debtors	-	15
Amounts owed by group undertakings	9,296	7,547
Other taxation and social security	4	-
	<hr/>	<hr/>
	<b>9,300</b>	<b>7,562</b>
	<hr/>	<hr/>

Amounts owed by group undertakings are interest free, unsecured and payable on demand.



# Keys Active 8 Care Limited

## Notes (continued)

### 11 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Amounts owed to group undertakings	8,264	6,766
Other taxation and social security	-	44
Other creditors	-	11
Accruals and deferred income	42	87
	<u>8,306</u>	<u>6,908</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

### 12 Provision for liabilities

	Closure costs £'000	Deferred tax £'000	Total £'000
As at 1 April 2021	17	11	28
Utilisation	(4)	-	(4)
(Release)/charge for the year	(13)	-	(13)
Deferred tax charge	-	10	10
	<u>-</u>	<u>10</u>	<u>10</u>
<b>As at 31 March 2022</b>	<u>-</u>	<u>21</u>	<u>21</u>

Deferred tax assets and liabilities are attributable to the following:

	2022 £'000	2021 £'000
Accelerated capital allowances	21	12
Other	-	(1)
	<u>21</u>	<u>11</u>

# Keys Active 8 Care Limited

## Notes (continued)

### 13 Share capital

	2022 £	2021 £
<i>Allotted, called up and fully paid</i>		
200 ordinary shares of £1 each	200	200
	<hr/>	<hr/>
Shares classified in shareholders funds	200	200
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

### 14 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Other 2022 £'000	Other 2021 £'000
Less than one year	16	26
Between one and five years	-	16
	<hr/>	<hr/>
	16	42
	<hr/>	<hr/>

### 15 Employee benefits

#### Defined contribution plans

The company operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £32,000 (2021: £49,000).

### 16 Contingent liabilities

The company has no contingent liabilities at the year end (2021: £Nil).

# Keys Active 8 Care Limited

## Notes *(continued)*

### **17 Ultimate parent undertaking and controlling party**

The company is a subsidiary undertaking of Keys Care Limited. Up to 25 March 2022, the ultimate parent company was Keys Group Limited, and the ultimate controlling party was G Square Capital CV LP. From 25 March 2022, the ultimate parent company is Keys MIPco Limited, and the ultimate controlling party remains G Square Capital CV LP.

The largest group in which the results of the Company are consolidated is that headed by Keys Group Limited, Maybrook House, Second Floor, Queensway, Halesowen B63 4AH. The smallest group in which they are consolidated is that headed by Keys Midco Limited, Maybrook House, Second Floor, Queensway, Halesowen B63 4AH.

### **18 Related party transactions**

The company is ultimately a wholly owned subsidiary of Keys Group Limited, and as such has taken advantage of the exemption in FRS 102 33.1A not to disclose transactions or balances with wholly owned subsidiaries which form part of the group.

### **19 Subsequent events**

On 1 July 2022, Keys Group merged with Accomplish Group (known as “Combined Group” henceforth). Accomplish has been providing specialist care and support for people with autism, mental health needs, learning disabilities and acquired brain injuries for more than 25 years. They operate throughout England and South Wales from 115 residential and supported living settings. Accomplish and Keys are both owned by G Square.

As a result of this merger the existing banking facilities were replaced with a combined facility for the Combined Group. This consists of a £270m Unitranche Facility expiring on 1 July 2029, with access to a Committed Capex/Acquisition Unitranche Facility of £50m expiring on 1 July 2029 and a Revolving Credit Facility of £15m expiring on 1 January 2029. The Keys Group still retains the £15m of £12% preference shares, however as part of the merger with Accomplish Group, the preference shares are now redeemable on the 10<sup>th</sup> anniversary of the adoption date or on an exit.