Keys Group PCE Realty Limited

Annual report and financial statements

Registered number 05930808

Year ended 31 March 2018

Directors and Advisors

Directors	Patricia Lee David Manson
Company Number	05930808
Registered Office	Maybrook House Second Floor Queensway Halesowen B63 4AH
Auditor	KPMG LLP One Snowhill Snowhill Queensway Birmingham B4 6GH

Contents

Directors' report

The directors present their report and financial statements for the year ended 31 March 2018.

Principal activities

The principal activity of the company continued to be that of property rental to other group companies.

Results and dividends

The results for the period are set out on page 5.

No interim dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 April 2017:

Patricia Lee	(appointed 31 July 2017)
David Manson	(appointed 31 July 2017)
Heather Laffin	(resigned 31 July 2017)
Marc Murphy	(resigned 31 July 2017)

Small companies exemption

In preparing the directors' report, the directors have taken the small companies exemption under Section 414 (B) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, not to prepare a strategic report for presentation with these financial statements.

Going concern

At 31 March 2018 the company had net current liabilities of £5,244,000 (31 March 2017: £6,214,000). This position arises from the existence of net intercompany liabilities and the company has received assurances from its fellow group undertakings that payment of such balances will not be required until sufficient funds are available to settle outstanding liabilities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, KPMG LLP, is deemed to be reappointed under section 487 of the Companies Act 2006.

By order of the board

David Manson
Director

Maybrook House
Second Floor
Queensway
Halesowen
B63 4AH
5 December 2018

Statement of directors' responsibilities

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 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.

KPMG LLP
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEYS GROUP PCE REALTY LIMITED

Opinion

We have audited the financial statements of Keys Group PCE Realty Limited ("the company") for the year ended 31 March 2018, which comprise the Profit and loss account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"); 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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, 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.

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.

Stuart Smith (Senior Statutory Auditor) 6 December 2018
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

Profit and loss account

for the year ended 31 March 2018

	Note	Year ended 31 March 2018 £'000	Restated Period ended 31 March 2017 £'000
Turnover		**970**	748
Administrative (expenses)/income (including exceptional income of £nil (2017: £253,000) see note 5)		**(130)**	152
Loss on disposal of fixed assets		-	(666)
Operating profit	*3*	**840**	234
Interest payable and similar charges	*6*	-	(295)
Profit/(loss) on ordinary activities before taxation	*3*	**840**	(61)
Taxation on profit/(loss) on ordinary activities		-	-
Profit/(loss) for the financial period		**840**	(61)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Statement of Comprehensive Income

for the year ended 31 March 2018

	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Profit/(loss) for the period	**840**	(61)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the period	**840**	(61)

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

Balance Sheet
at 31 March 2018

	Note	31 March 2018		Restated 31 March 2017	
		£'000	**£'000**	£'000	£'000
Fixed assets					
Investment properties	7		**7,100**		7,230
Current assets					
Debtors	8	**1,048**		81	
Creditors: amounts falling due within one year	9	**(6,292)**		(6,295)	
Net current liabilities			**(5,244)**		(6,214)
Total assets less net current liabilities			**1,856**		1,016
Capital and reserves					
Called up share capital	10		**-**		-
Profit and loss reserve			**1,856**		1,016
Shareholders' funds			**1,856**		1,016

These financial statements were approved by the board of directors and authorised for issue on 5 December 2018 and are signed on its behalf by:

David Manson
Director

Company registered number: 05930808

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

Statement of Changes in Equity
for the year ended 31 March 2018

	Profit and loss reserve £'000
Balance at 1 July 2016 as previously reported	769
Effect of change in accounting policy (see note 15)	308
Balance at 1 July 2016 as restated	1,077
Period ended 31 March 2017:	
Profit and total comprehensive income for the period	(61)
As restated at 31 March 2017 and 1 April 2017	1,016
Period ended 31 March 2018:	
Profit and total comprehensive income for the period	840
Balance at 31 March 2018	1,856

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

Notes
(forming part of the financial statements)

1 Accounting policies

Company information

Keys Group PCE Realty Limited ("the company") is a company limited by shares incorporated in England and Wales. The registered office is Maybrook House, Second Floor, Queensway, Halesowen, B63 4AH.

1.1 Accounting convention

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. Amendments to FRS 102 issued in December 2017 have been adopted. The amendments to FRS 102 issued in December 2017 have been early adopted by the Company. The presentation currency of these financial statements is sterling. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on the historic cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of the group prepares publicly available consolidated financial statements, including the company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Keys Group Limited (formerly Kestrel Topco Limited). These consolidated financial statements are available from its registered office, Maybrook House, Second Floor, Queensway, Halesowen, B63 4AH.

1.2 Going concern

The Directors have considered the use of the going concern basis in the preparation of the financial statements. The company is a 100% owned subsidiary of Keys Group Limited (the Group). The Group is financed by intercompany loans and it has received assurances that there is no intention to seek repayment of these loans for the foreseeable future. As a result of these assurances the Directors are of the opinion that it is appropriate to prepare the accounts on a going concern basis.

1.3 Turnover

Revenue (net of VAT) comprises the fair value of rental income receivable for the period in respect of properties occupied by other group companies and is recognised in respect of the days that properties have been occupied in the relevant period. Rent is charged at market rate.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Tangible assets

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

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

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

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Buildings 5% 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.

These are the company's first financial statements prepared using the historic cost convention for freehold property and the subsequent depreciation thereof. This change was made to align the accounting policies with the rest of the group.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Notes *(continued)*

1 Accounting policies *(continued)*

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Notes *(continued)*

1 Accounting policies *(continued)*

Deferred taxation

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Judgements and key sources of estimation uncertainty

The principal accounting judgements and estimates utilised in the presentation of the financial statements of the Company which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:-

Deferred tax

Management estimation is required to determine the amount of deferred tax that is recognised, based upon the likely timing and level of future taxable profits together with an assessment of the tax rates that will be applicable in later years.

3 Profit on ordinary activities before taxation

	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Profit on ordinary activities before taxation is stated after charging:		
Loss on disposal of fixed asset investments	**-**	697
Profit on disposal of investment properties	**-**	(31)
Depreciation	**130**	114

4 Auditors remuneration

	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Audit fees	**5**	3

Fees payable to KPMG LLP for non audit services have not been disclosed because Keys Group Limited is required to disclose such fees on a consolidated basis.

Notes *(continued)*

5 Exceptional costs/(income)

	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Release of balances due to former group companies	-	(253)

The credit arose following the company being released from obligations to settle intercompany amounts with fellow subsidiaries of Future Life Group Limited (previously Embrace Group Limited) whilst they were under the same ownership.

6 Interest payable and similar charges

	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Intercompany interest	-	295

Interest accrued at 8% on a loan due to a former group company.

Notes *(continued)*

7 Tangible fixed assets

	Freehold property £'000
Cost	
At 31 March 2017 as previously reported	7,020
Adjustment to align accounting policy (see note 15)	550
At 1 April 2017 and 31 March 2018	**7,570**
Depreciation	
At 31 March 2017 as previously reported	-
Adjustment to align accounting policy (see note 15)	340
At 1 April 2017	340
Charge for the year	130
At 31 March 2018	**470**
Net book value	
31 March 2018	**7,100**
31 March 2017	7,230

Notes *(continued)*

8 Debtors

	31 March 2018 £'000	31 March 2017 £'000
Amounts falling due within one year:		
Amounts owed by parent and fellow subsidiary undertakings	**1,048**	81

Amounts owed by group undertakings are unsecured, interest free and carry no fixed terms of repayment.

9 Creditors: amounts falling due within one year

	31 March 2018 £'000	31 March 2017 £'000
Amounts owed to parent and fellow subsidiary undertakings	**6,292**	6,295

Amounts owed to group undertakings are unsecured, interest free and carry no fixed terms of repayment.

10 Called up share capital

	31 March 2018 £	31 March 2017 £
Allotted, called up and fully paid		
1 ordinary share of £1 each	**1**	1

11 Remuneration of directors

The directors received no remuneration for qualifying services in relation to the Company during the period.

12 Related party disclosures

The company is ultimately a wholly owned subsidiary of Keys Group Limited (formerly Kestrel Topco 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.

13 Controlling party

The immediate parent company is Keys Group PCE (Holdings) Limited (formerly Embrace Progression Limited), a company registered in England and Wales. The ultimate parent company is Keys Group Limited (formerly Kestrel Topco), a company registered in England and Wales. The ultimate controlling party is G Square Healthcare Private Equity LLP.

14 Post balance sheet events

There are no post balance sheet events requiring disclosure under FRS 102.32.

Notes *(continued)*

15 Change of accounting policy

These are the company's first financial statements prepared using the historic cost convention for freehold property and the subsequent depreciation thereof. This change was made to align the accounting policies with the rest of the group following the acquisition by Keys PCE Limited. The change in accounting policy has had the following impact on the 9 month period ended 31 March 2017:

Balance sheet

	Previously reported £'000	Adjustment £'000	Restated £'000
Investment properties	7,020	(7,020)	-
Tangible assets	-	7,230	7,230
Profit and loss reserve	806	210	1,016

Profit and loss account

	Previously reported £'000	Adjustment £'000	Restated £'000
Administrative income/(expenses)	250	(98)	152
Operating profit	332	(98)	234
Profit before tax	37	(98)	(61)

Historic cost has been calculated by management using original cost and has been applied to the opening balance sheet on 1 April 2017.