Keys Group Limited

Annual report and consolidated financial statements

Registered number 10625350

Year ended 31 March 2021

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COMPANIES HOUSE

Directors and Advisors

Directors	Patricia Lee David Manson Colin Anderton Laurent Ganem Oliver Hoenich Ted Smith
Secretary	Emma Ray
Company Number	10625350
Registered Office	Maybrook House Second Floor Queensway Halesowen B63 4AH
Auditors	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH United Kingdom

Contents

Strategic Report

Principal activities

The principal activity of the Company is that of a holding company for the Group, which provides residential, educational and transitional support ("leaving care") services to young people typically aged between eight and eighteen. The Group supports people who have emotional and behavioural difficulties, physical disabilities, learning disabilities and special educational needs. The Group operates throughout England and Wales.

The Group supports over 1,000 young people in a mixture of residential, educational and leaving care settings. The majority of its activities are regulated by OFSTED, Care Inspectorate Wales or the Care Quality Commission.

Keys Group is committed to providing the highest quality care to Young People across England and Wales. During the year, the group has invested substantially in enhancing its existing services, developing new services, investing in technology to support better oversight and improved outcomes and continually reviewing and improving risk management processes.

Fair review of business

On 27 May 2020, a subsidiary of the company, Keys Bidco Limited acquired the entire share capital of SWCS Property Limited and South West Childcare Services Limited. South West Childcare Services Limited operates nine residential homes and three leaving care services in the South West of England.

On 11 May 2021, a subsidiary of the company, Keys Group Holdings Limited acquired the entire share capital of Southern Adolescent Care Services Limited. Southern Adolescent Care Services Limited operates three residential homes in the South East of England.

In addition to acquisitive growth, the Group manages a healthy pipeline of organic projects. The Group has 8 approved developments in progress, comprising 2 Family Assessment centres, 5 residential children homes, and 1 school. The Group is committed to working with local authorities to develop services in areas of need, and in the case of residential homes, to help keep young people close to where they have grown up, where this is appropriate for the young person.

The Board continually reviews if the Group's portfolio of homes and schools meet the needs of the business and the young people supported by it.

During the year the group carried out a refinancing exercise to replace preference share liabilities with bank debt, raising additional lending facilities at the same time to facilitate further growth.

Trading in the year ended 31 March 2021 incorporates all the results of the acquired companies from the date of acquisition.

As shown in the Group's Profit and Loss Account on page 10, turnover for the year ended 31 March 2021 amounted to £110,645k 2020: £93,384k) and gross profit to £34,050k (2020: £22,356k). Operating profit of £8,685k (2020: £2,737k) included exceptional costs of £1,899k (2020: £45k), loss on disposal of fixed assets of £125k (2020: £154k) and amortisation of £11,036k (2020: £8,868k). The net loss of £7,399k, is stated after non-cash charges including an interest charge of £6,298k on a shareholder debt (2020:£5,940k) which is not payable until the earlier of a shareholder exit event, or 2027, and amortisation and depreciation of £11,036k (2020: £8,868k) and £2,391k (2020: £2,047k) respectively.

The Group's balance sheet on page 12 shows that the Group has net liabilities of £46,121k (2020: £38,722k), including a Revolving Credit Facility drawdown of £nil (2020:£7,000k), secured loans of £144,300k (2020:£87,500k) due in 2024 and preference shares of £13,663k (2020: £57,153k) payable at the earlier of a shareholder exit, or 2027.

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. This team which is formed of senior leaders within the Group meets regularly to consider the latest government guidance and information coming from the business in relation to staffing, the welfare of our young people and any financial consequences of the pandemic. This results in a cascade of information throughout the business to manage the situation. 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 over the last three years. All of the Group's homes and schools have 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.

Strategic report *(continued)*

Principal risks and uncertainties

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 risk.

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. As at June 2021 85% of the Group's services where a grade had been issued were rated as either Good or Outstanding with the relevant regulator.

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 and Governance Committee.

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.

Environment

Keys recognise that businesses have a critical role to play in the transition to a low-carbon future. The Group through its ultimate owners is signed up to the UN Principles for Responsible Investment and has its own ESG (Environmental, Social, Governance) plan. This plan includes initiatives to reduce its carbon emissions and make other changes that will have positive impacts on the environment.

In accordance with streamlined energy and carbon reporting requirements, during the year ended 31 March 2021, the Group's energy usage was as follows:

	31 March 2021 Global tonnes of CO_2e	**MwH**	**31 March 2020** Global tonnes of CO_2e	**MwH**
Combustion of fuel and operation of facilities	1,076	3,060	1,308	3,721
Electricity, heat, steam and cooling purchased for own use	503	2,735	507	2,754
Business travel where the Group is responsible for purchasing fuel	1,723	7,168	2,181	9,027
	3,302	12,963	3,996	15,502
Emissions intensity per employee (Tonnes of CO_2e per employee)	**1.7**		**2.0**	

Over the course of the last year the Group has changed its electricity supply so that it is now provided from renewable sources and have continued to invest in low energy equipment wherever possible. Improvements in technology made in the financial year will enable the Group to significantly reduce the requirements for business travel in the future leading to a reduction in the consumption of fuel, the largest area of carbon emissions. The Group will continue to look for other ways to reduce its emissions.

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

Strategic report *(continued)*

Brexit

The Group has considered the impact of the United Kingdom's ("UK") exit from the European Union including a review of guidance issued from the Department of Health and Social Care. The Group's risk register and business continuity plans have been updated accordingly. Due to the fact that the Group operates only within England and Wales and has minimal reliance on staff from the European Union the specific impact on the group arising from the UK's exit is assessed as low but will continue to be monitored.

Key performance indicators

The Group produces detailed management reports and accounts on a monthly basis and a number of Key Performance Indicators ("KPIs") are an integral part of this process. The monthly management reports and accounts focus on the actual performance of the business compared to the budget set for the current financial period.

Non-financial measures include occupancy, both in absolute terms and as a percentage of available beds / desks, compliance with external regulators and compliance with internal audit reviews.

The financial KPIs that are a part of this review process include Average weekly fee, EBITDA % (Earnings Before Interest, Tax, Depreciation and Amortisation) and Employment cost %.

Weekly fees and occupancy underpin the revenue of the group and therefore management monitor these KPIs regularly. In the year to 31 March 2021, the group supported an average of 1,036 children and young adults (2020: 884). Average weekly fees in the year to 31 March 2021 were £2,042 (2020: £2,025).

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 £118.225m 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.

By order of the board

Colin Anderton
Director

27 July 2021

Directors' report

The directors present their annual report and financial statements for the year ended 31 March 2021.

Results and dividend

The consolidated profit and loss account for the year is set out on page 10.

The principal risks and uncertainties are dealt with in the Strategic Report on page 1 and are incorporated into this report by reference.

Directors

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

Patricia Lee
David Manson
Colin Anderton (appointed 1 September 2020)
Laurent Ganem
Oliver Hoenich
Ted Smith

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.

Employee involvement

The Group's policy is to consult and discuss with employees at meetings, matters likely to affect employees' interests.

Each care home/service holds monthly staff meetings, included in which is a briefing of key matters of concern, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

The Group operates a number of incentive schemes to reward managers and senior staff for performance. Incentives are linked to the achievement of the EBITDA budget/forecast and external regulator (e.g. OFSTED and Care Inspectorate Wales) gradings for the year.

Disabled persons

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

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the period.

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 he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Directors' report *(continued)*

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.

By order of the board

Colin Anderton
Director

Maybrook House
Second Floor
Queensway
Halesowen
B63 4AH

27 July 2021

Statement of directors' responsibilities in respect of the Strategic Report and the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law, they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law, including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that 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 fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

Opinion

We have audited the financial statements of Keys Group Limited ("the Group and Company") for the year to 31 March 2021 which comprise the Group Profit and Loss Account, Group Statement of Comprehensive Income, Group and Company Balance sheet, Group and Company Statement of Changes in Equity, Group Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs UK") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the 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 group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Considering remuneration incentive schemes and performance targets for management
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue from the provision of educational and residential services, is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

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 unusual accounts.
- Performing focused testing on revenue recognised around the year end to ensure recognition in the appropriate accounting period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience 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.

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, taxation legislation, and environmental and health and safety laws and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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 GROUP 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.

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.

Stephen Ward

Stephen Ward (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH
United Kingdom

29 July 2021

Group Profit and Loss Account
for the year ended 31 March 2021

	Notes	**Year ended 31 March 2021 Pre-exceptional**	**Year ended 31 March 2021 Exceptionals**	**Year ended 31 March 2021 Total**	Year ended 31 March 2020 Pre-exceptional	Year ended 31 March 2020 Exceptionals	Year ended 31 March 2020 Total
		£'000	**£'000**	**£'000**	£'000	£'000	£'000
Turnover	*3*	110,645	-	**110,645**	93,384	-	93,384
Cost of sales		(76,595)	-	**(76,595)**	(71,028)	-	(71,028)
Gross profit		34,050	-	**34,050**	22,356	-	22,356
Administrative expenses	*4*	(23,466)	(1,899)	**(25,365)**	(19,574)	(45)	(19,619)
Operating profit / (loss)	*5*	10,584	(1,899)	**8,685**	2,782	(45)	2,737
Analysed between:							
Earnings before interest, tax, depreciation and amortisation		24,136	(1,899)	**22,237**	13,851	(45)	13,806
Depreciation	*12*	(2,391)	-	**(2,391)**	(2,047)	-	(2,047)
Amortisation of goodwill	*11*	(11,036)	-	**(11,036)**	(8,868)	-	(8,868)
Loss on disposal of fixed assets	*5*	(125)	-	**(125)**	(154)	-	(154)
Net finance charges & interest	*9*	(13,349)	-	**(13,349)**	(12,419)	-	(12,419)
Loss before taxation		(2,765)	(1,899)	**(4,664)**	(9,637)	(45)	(9,682)
Taxation on loss on ordinary activities	*10*	(2,735)	-	**(2,735)**	(1,022)	-	(1,022)
Loss for the financial year		(5,500)	(1,899)	**(7,399)**	(10,659)	(45)	(10,704)

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

The notes on pages 17 to 47 form an integral part of the financial statements.

Group Statement of Comprehensive Income
for the year ended 31 March 2021

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Loss for the year	(7,399)	(10,704)
Foreign exchange differences on retranslation of foreign operations	-	(3)
Total comprehensive loss for the year	(7,399)	(10,707)

The notes on pages 17 to 47 form an integral part of the financial statements.

Group Balance Sheet
At 31 March 2021

	Note	**31 March 2021 £'000**	**31 March 2021 £'000**	31 March 2020 £'000	31 March 2020 £'000
Fixed assets					
Intangible assets and goodwill	*11*		74,402		80,282
Tangible assets	*12*		30,475		28,960
			104,877		109,242
Current assets					
Debtors	*14*	12,931		12,582	
Cash at bank and in hand		18,029		12,045	
		30,960		24,627	
Creditors: amounts falling due within one year	*15*	(22,759)		(19,180)	
Provisions for liabilities: within one year	*18*	(536)		(595)	
Net current assets			7,665		4,852
Total assets less current assets			112,542		114,094
Creditors: amounts falling due after more than one year	*16*		(155,380)		(149,745)
Provisions for liabilities: after one year	*18*		(3,283)		(3,071)
Net liabilities			(46,121)		(38,722)
Capital and reserves					
Called up share capital	*22*		1		1
Capital redemption reserve			1		-
Preference share redemption reserve			(8,610)		-
Profit and loss account			(37,513)		(38,723)
Shareholders' deficit			(46,121)		(38,722)

The notes on pages 17 to 47 form an integral part of the financial statements.

These financial statements were approved by the board of directors on 27 July 2021 and were signed on its behalf by:

Colin Anderton
Director

Company Balance Sheet
at 31 March 2021

	Note	**31 March 2021 £'000**	**31 March 2021 £'000**	31 March 2020 £'000	31 March 2020 £'000
Fixed assets					
Investments	*13*		1		1
Current assets					
Debtors	*14*	80		40,933	
Creditors: amounts falling due within one year	*15*	(69)		(69)	
Net current assets			11		40,864
Total assets less current liabilities			12		40,865
Creditors: amounts falling due after more than one year	*16*		(13,663)		(57,153)
Net liabilities			(13,651)		(16,288)
Capital and reserves					
Called up share capital	*22*		1		1
Capital redemption reserve			1		-
Preference share redemption reserve			(8,610)		-
Profit and loss account			(5,043)		(16,289)
Shareholders' deficit			(13,651)		(16,288)

The notes on pages 17 to 47 form an integral part of the financial statements.

These financial statements were approved by the board of directors on 27 July 2021 and were signed on its behalf by:

Colin Anderton
Director

Company registered number: 10625350

Group Statement of Changes in Equity
for the year ended 31 March 2021

	Share capital	Capital redemption reserve	Preference share redemption reserve	Profit and loss account	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 April 2019	1	-	-	(28,016)	(28,015)
Year ended 31 March 2020:					
Loss for the year	-	-	-	(10,704)	**(10,704)**
Other comprehensive income	-	-	-	(3)	**(3)**
Total comprehensive loss for the year	-	-	-	**(10,707)**	**(10,707)**
Balance at 31 March 2020	**1**	-	-	**(38,723)**	**(38,722)**
Balance at 1 April 2020	1	-	-	(38,723)	(38,722)
Year ended 31 March 2021:					
Loss for the year	-	-	-	(7,399)	**(7,399)**
Other comprehensive income	-	-	-	-	-
Redemption of preference shares	-	1	(8,610)	8,609	-
Total comprehensive loss for the year	-	**1**	**(8,610)**	**1,210**	**(7,399)**
Balance at 31 March 2021	**1**	**1**	**(8,610)**	**(37,513)**	**(46,121)**

The notes on pages 17 to 47 form an integral part of the financial statements.

Company Statement of Changes in Equity
for the year ended 31 March 2021

	Share capital	Capital redemption reserve	Preference share redemption reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2019	1	-	-	(10,349)	(10,348)
Year ended 31 March 2020:					
Loss for the year	-	-	-	(5,940)	**(5,940)**
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	**(5,940)**	**(5,940)**
Balance at 31 March 2020	**1**	-	-	**(16,289)**	**(16,288)**
Balance at 1 April 2020	1	-	-	(16,289)	(16,288)
Year ended 31 March 2021:					
Profit for the year	-	-	-	2,637	**2,637**
Other comprehensive income	-	-	-	-	-
Redemption of preference shares	-	1	(8,610)	8,609	-
Total comprehensive loss for the year	-	**1**	**(8,610)**	**11,246**	**2,637**
Balance at 31 March 2021	**1**	**1**	**(8,610)**	**(5,043)**	**(13,651)**

The notes on pages 17 to 47 form an integral part of the financial statements.

Group Statement of Cash Flows

for the year ended 31 March 2021

	Year ended 31 March 2021		Year ended 31 March 2020	
	£'000	**£'000**	£'000	£'000
Loss for the period after tax		(7,399)		(10,704)
Adjustments for:				
Taxation charged / (credited)		2,735		1,022
Finance costs		13,349		12,419
Loss on disposal of tangible fixed assets		125		154
Amortisation of goodwill		11,036		8,868
Depreciation of tangible fixed assets		2,391		2,047
(Decrease) / increase in provisions		(59)		(726)
Foreign exchange		-		(3)
Movements in working capital:				
Decrease in stocks		-		-
Increase in debtors		(31)		(171)
Increase in creditors		2,866		5,012
		25,013		17,918
Interest paid		(6,858)		(5,756)
Income taxes paid		(1,750)		(296)
Net cash from operating activities		16,405		11,866
Investing activities				
Purchase of businesses	(5,342)		(19,055)	
Cash acquired with subsidiaries	93		372	
Purchase of tangible fixed assets	(3,823)		(6,081)	
Proceeds on disposal of tangible fixed assets	215		34	
Net cash used in investing activities		(8,857)		(24,730)
Financing activities				
Redemption of preference shares	(49,788)		-	
Proceeds from new loans	55,331		28,276	
Repayment of loans	(7,000)		(6,200)	
Payment of finance lease obligations	(107)		(116)	
Net cash from financing activities		(1,564)		21,960
Net increase in cash and cash equivalents		5,984		9,096
Cash and cash equivalents at beginning of year		12,045		2,949
Cash and cash equivalents at end of year		18,029		12,045

Notes
(forming part of the financial statements)

1 Accounting policies

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

The group consists of the Company and its subsidiaries listed in note 13.

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 March 2018 have been early adopted by the Company.

The financial statements are prepared in Sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on the historic cost convention modified to include derivatives at fair value. 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 for parent company information presented within the consolidated financial statements:

- 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.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £2,637,000.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Keys Group Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 March 2021. Where necessary, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used in line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Going concern

Notwithstanding net liabilities of £46.1 million as at 31 March 2021 and a loss for the year then ended of £7.4 million the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The Group, of which the Company is a member, is funded through a combination of Shareholders' Funds, Unsecured Shareholders Loans, Senior Secured loans, and cash generated through operating profits. These comprised £14 million of 12% preference shares, £144.3 million of 6.0% Secured Loans, due in 2024, and a Revolving Credit Facility of £7.5 million, due 2024, of which £nil million was drawn at 31 March 2021. The Directors are mindful of the due date of the external financing arrangements and recognise the need to review refinancing or capital structure options at an appropriate time. The Investor and Management Fixed Rate unsecured preference shares are payable at the earlier of an exit, or 2027.

Management have prepared cash flow forecasts and accompanying covenant compliance calculations for the period of 12 months from the signing of these financial statements, including what they consider to be reasonably possible downside scenarios. The cash outflows associated with the Group's debt in this period are limited only to bank interest payments, limiting the size of required cash outflows on the Group's financing. These cash flow forecasts indicate that the Group will have sufficient funds to meet its liabilities as they fall due for that period. Whilst the UK's economic outlook resulting from the global COVID-19 pandemic remains uncertain, the Directors have considered the impact to the Group by conducting extensive scenario analysis on the Group's profitability, the availability of cash to meet liabilities as they fall due and its compliance with the debt covenant. Additionally, the Directors continue to assess the ability to refinance in each scenario.

Therefore, the directors consider, after making appropriate enquiries and taking into consideration the risks and uncertainties facing the Group, on page 2, that the Group has adequate resources to continue in operation as a going concern and that Group will be able to meet its obligations linked to the borrowings in place for the period covered by the Group's cash flow forecasts. Accordingly, the directors continue to adopt the going concern basis in preparing these consolidated and parent company financial statements. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.4 Turnover

Turnover represents amounts receivable for residential and educational services to young people typically aged between eight and eighteen, net of VAT. Revenue for the period is recognised when the services are provided and deferred income relates to fees that are invoiced in advance.

1.5 Foreign currency

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.6 Investments

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

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

Land and buildings	2-6% straight line
Leasehold improvements	5% straight line
Fixtures & fittings	10% straight line
Computer equipment	25% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Impairment of fixed assets

At each reporting end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.10 Basic financial instruments

The Group 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 Group'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.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

1.11 Derivative financial instruments

The Group employs an interest rate cap agreement in the management of its interest rate exposure. The Group designates its interest rate cap against a specific debt instrument and recognises interest differentials as adjustments to the interest expense as they occur. The company does not hold financial instruments for trading purposes.

1.12 Financial instruments issued by the group

In accordance with FRS102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

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

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

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Notes *(continued)*

1 Accounting policies *(continued)*

1.14 Business combinations

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

At the acquisition date, the group recognises goodwill as:

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

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

1.15 Goodwill

Goodwill

Goodwill is recorded at cost, being the excess of the cost of acquisition over the fair value at the date of acquisition of the Group's share of identifiable assets, liabilities and contingent liabilities, less any accumulated amortisation and any accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to a cash-generating unit (CGU) or group of CGUs that are expected to benefit from the synergies of the business combination from which it arose. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

Amortisation

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

Impairment of goodwill

The determination of whether goodwill and other indefinite life intangible assets should be impaired requires an assessment for indicators of impairment at each reporting end date and then, as necessary, the estimation of future cash flows and growth factors adopted by each CGU. Furthermore, discount rates applied to these cash flows are determined by reference to the markets in which they operate and are risk adjusted to reflect risks and opportunities existing for each CGU. These factors are all affected by prevailing market and economic factors outside the Group's control.

Notes *(continued)*

1 Accounting policies *(continued)*

1.16 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 years 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.

Deferred taxation

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; and differences relating to investments in subsidiaries, joint ventures 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 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.

1.17 Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group 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.

1.18 Onerous contracts

Anticipated losses on onerous contracts are provided for where it is recognised that the terms of a contract will result in unavoidable future operating losses. The provision is based on management's best estimate of the operating losses expected to be incurred over the remaining life of the contract.

1.19 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Notes *(continued)*

1 Accounting policies *(continued)*

1.20 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.21 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the asset's fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.22 Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Group recognises the expenditure for which the grants are intended to compensate.

Notes (continued)

2 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The principal accounting judgements and estimates utilised in the presentation of the consolidated financial statements of the Group which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are set out below.

Judgements

Valuation of freehold property

The Directors believe that the properties held within the business are not considered to be specialist properties, so the valuation used in the acquisition accounting is a simple market value as a residential property.

Estimates

Deferred tax

The recognition of deferred tax is subject to a number of judgements and estimates. The amount of the deferred tax asset that is recognised is based upon the likely timing of future taxable profits of the Group together with an assessment of the tax rates that will be applicable as they reverse.

Provisions

At 31 March 2021 the Group has recognised provisions of £321,000 (2020: £252,000) on leased properties for a number of dilapidations, £30,000 (2020: £100,000) for onerous leases, £122,000 (2020: £94,000) for closures of homes and £nil (2020: £86,000) for an onerous contract. The Directors assess the adequacy of the provision on reviews of properties and past experience.

Dilapidations provisions

A dilapidations provision is recognised when there is future obligation relating to the maintenance of leasehold properties that are no longer in use within the business. The provision is based on management's best estimate of the obligation which forms part of the Group's unavoidable cost of meeting its obligations under the lease contracts. Key uncertainties are the estimates of amounts due.

Onerous lease provision

A provision is recognised for onerous leases in closed homes which management do not expect to reopen.

Closed homes provision

A provision is recognised for costs associated with the closure of homes which management do not expect to reopen. The provision is based on management's best estimate of the costs associated with closing the homes.

Onerous contract provision

A provision is recognised for anticipated losses on contracts where it is recognised that the terms of a contract will result in unavoidable future operating losses. The provision is based on management's best estimate of the operating losses expected to be incurred over the remaining life of the contract.

Notes *(continued)*

2 Judgements and key sources of estimation uncertainty *(continued)*

Carrying value of goodwill

At 31 March 2021 the Group is carrying goodwill of £74,402k (2020: £80,282k). The Directors have performed an impairment review which requires the estimation of future cash flows and growth factors adopted by each CGU.

The determination of the CGU is judgemental and for goodwill impairment purposes represents the lowest level within the business at which the goodwill is monitored for internal management purposes and the lowest level at which cash generation can be forecast. The relevant CGUs are deemed to be Residential, Education and Leaving Care.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the CGU to which goodwill is allocated. The value-in-use calculation includes estimates about future financial performance and long-term growth rates and requires management to select a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used in the impairment review are disclosed in note 11 to the financial statements.

The future cash flows used in the value-in-use calculations are based on the latest annual financial plans approved by the Board. Expectations about future growth reflect the expectations of growth in the markets in which the CGU operates. The discount rate is derived from the Group's post-tax weighted average cost of capital, which is assessed each year. The discount rate used in each CGU is adjusted for the risks specific to that CGU. Sensitivity analysis is performed to determine whether any reasonable possible change in the key assumptions on which recoverable amounts are based would cause the CGUs' carrying amounts to exceed the recoverable amounts.

Acquisition accounting

When the Group acquires another business, the Directors are required to make estimates concerning the fair value of the assets and liabilities acquired, including in particular the valuation of freehold properties. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. Any difference between the purchase price and the fair value of the assets and liabilities is recognised on the balance sheet as goodwill.

Notes *(continued)*

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Turnover		
Residential	85,044	72,577
Education	19,351	17,030
Leaving Care	4,602	3,344
Other	1,648	433
	110,645	93,384

Turnover analysed by geographical market

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
United Kingdom	110,645	93,384

Notes *(continued)*

4 Exceptional (income)/costs

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

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Redundancy costs	56	57
Provision related items	222	(133)
Restructuring	1,749	259
Onerous contract provision	-	(139)
Reclaim of historic under recovered input VAT	(331)	-
Costs associated with Covid 19	203	1
	1,899	45

The costs relating to the onerous lease provision, dilapidations provision, closure provision and restructuring costs have been classified as exceptional to the extent that they relate to the one-off costs of the group restructuring and rationalisation of the new group structure. Restructuring costs predominantly relate to the refinancing of the Group's loan facilities and repayment of preference shares.

During the year to 31 March 2021, the Group has claimed and received £395,000 from the government in relation to the Coronavirus Job Retention Scheme, which is netted off the corresponding costs in the disclosure above.

5 Operating loss

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Operating loss is stated after charging:		
Depreciation of tangible fixed assets:		
Owned assets	2,311	1,933
Leased assets	80	114
Amortisation of goodwill	11,036	8,868
Loss on disposal of tangible fixed assets	125	154

Notes *(continued)*

6 Auditor's remuneration

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	30	30
Audit of the company's subsidiaries	165	150
For non-audit services		
Taxation related services	-	5
Other services	10	10
	205	195

7 Employees

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

	2021 Number	2020 Number
Teacher, care and support, management and administrative staff at home level	2,042	1,876
Administrative staff at head office level	193	185
	2,235	2,061

Their aggregate remuneration comprised:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Wages and salaries	57,633	49,995
Social security costs	5,792	4,856
Other pension costs	1,410	1,277
	64,835	56,128

Notes *(continued)*

8 Directors' remuneration

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Directors remuneration	1,030	816
Company contributions to defined contribution plans	16	7
	1,046	823

The aggregate remuneration of the highest paid director was £278,125 (2020:£287,500) and company pension contributions of £Nil (2020: £Nil) were made to a money purchase scheme on their behalf.

9 Interest payable and similar charges

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Preference share interest	6,298	5,940
Bank loan interest	6,072	5,787
Amortisation of arrangement fees	1,067	672
Revaluation of interest rate cap	(88)	20
	13,349	12,419

Notes *(continued)*

10 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	Year ended 31 March 2021 £'000	**Year ended 31 March 2021 £'000**	Year ended 31 March 2020 £'000	Year ended 31 March 2020 £'000
Current tax				
Current tax on income for the period		2,655		352
Prior year adjustment		(57)		-
Total current tax charge		2,598		352
Deferred tax (see notes 18 & 19)				
Origination and reversal of timing differences	33		695	
Prior year adjustment	104		(25)	
Total deferred tax		137		670
Total tax		2,735		1,022

Reconciliation of effective tax rate

	2021 £'000	2020 £'000
Loss for the period	(7,399)	(10,704)
Loss excluding taxation	(4,664)	(9,682)
Expected tax credit based on the standard rate of corporation tax in the UK of 19%	886	1,840
Tax effect of expenses that are not deductible in determining taxable profit	(3,665)	(2,988)
Effect of change in tax rate	-	101
Movement in unprovided deferred tax	91	-
Deferred tax prior year adjustment	(104)	25
Corporation tax prior year adjustment	57	-
Total tax charge included in profit and loss	(2,735)	(1,022)

Factors that may affect future charges

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the group's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £1,067,000. The deferred tax liability at 31 March 2021 has been calculated at 19% (2020: 19%).

Notes *(continued)*

11 Intangible assets

	Goodwill £'000
Group	
Cost	
At beginning of year	104,581
Acquisitions	5,156
At end of year	109,737
Amortisation	
At beginning of year	24,299
Charge for the year	11,036
At end of year	35,335
Net book value	
At 31 March 2021	**74,402**
Net book value	
At 31 March 2020	**80,282**

Goodwill arises as a result of the acquisition of a number of companies. Details of the acquisitions are shown in note 20.

The Group has assessed the recoverable amount of goodwill by comparing it to the value-in-use of the CGU to which it relates. Goodwill acquired in a business combination is allocated to the CGUs that are expected to benefit from that business combination.

The carrying amount of goodwill was allocated to the CGUs as follows:

	31 March 2021 £'000	31 March 2020 £'000
Residential	57,012	61,292
Education	13,346	14,746
Leaving Care	4,044	4,244
	74,402	80,282

Notes *(continued)*

11 Intangible assets *(continued)*

The recoverable amount of the CGUs is determined based on a value-in-use calculation which uses cash flow projections based on financial budgets and business plans approved by the Directors for twelve months from the date of approval of the financial statements. Cash flows beyond the projected period have been extrapolated using growth rates set out below which are materially consistent with the UK long-term average growth rate and are therefore considered appropriate.

Growth rate and other key assumptions used in the cash flow projections are as follows:

	31 March 2021	31 March 2020
Growth rate	**%**	%
Residential	3.00	3.00
Education	1.50	1.50
Leaving Care	5.00	4.00
Terminal value multiple value applied after five years	**Multiple**	Multiple
Residential	10	10
Education	10	10
Leaving Care	8	8
Discount rate	**%**	%
Residential	11.39	12.13
Education	9.89	12.13
Leaving Care	9.89	13.63

The discount rates used are based on the Group weighted average cost of capital, which has been risk adjusted to reflect CGU specific risks such as market served, cost profiles and the barriers to entry in each market, as well as other macro-economic factors.

The Directors believe that, based on the sensitivity analysis performed, any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the CGUs' carrying amounts to exceed the recoverable amounts. There is no impairment to goodwill in the period.

Notes *(continued)*

12 Tangible fixed assets

	Land and buildings £'000	Leasehold improvements £'000	Fixtures, fittings, tools and equipment £'000	Motor vehicles £'000	Total £'000
Group					
Cost or valuation					
At 1 April 2020	21,665	2,211	13,679	2,000	39,555
Acquisitions	409	-	75	30	514
Additions	-	72	3,262	489	3,823
Disposals	(267)	(25)	(117)	(61)	(470)
Reclassifications	347	(436)	89	-	-
At 31 March 2021	22,154	1,822	16,988	2,458	43,422
Depreciation					
At 1 April 2020	3,648	976	4,485	1,486	10,595
Acquisitions	15	-	63	13	91
Charge for period	440	83	1,662	206	2,391
On disposals	(23)	(17)	(57)	(33)	(130)
Reclassifications	319	(333)	14	-	-
At 31 March 2021	4,399	709	6,167	1,672	12,947
Net book value					
At 31 March 2021	**17,755**	**1,113**	**10,821**	**786**	**30,475**
At 31 March 2020	**18,017**	**1,235**	**9,194**	**514**	**28,960**

The company had no tangible fixed assets at 31 March 2021.

Computer equipment with a carrying value of £134,000 (2020: £214,000) are held under finance leases.

Notes *(continued)*

13 Fixed asset investments

	Shares in group undertaking £'000
Company	
Cost	
At 1 April 2020 and 31 March 2021	1
Provisions	
At 1 April 2020 and 31 March 2021	-
Net book value	
At 31 March 2021	**1**
At 31 March 2020	1

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

Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Company	Nature of business	Country of registration or incorporation	Class	% of shares held and voting rights
Keys Midco Limited	Holding company	England and Wales*	Ordinary	100
Keys Bidco Limited	Holding company	England and Wales*	Ordinary	100
Keys Group Holdings Limited	Holding company	England and Wales*	Ordinary	100
Keys Care Limited	Provision of residential care and education to children	Northern Ireland**	Ordinary	100
Keys Child Care Limited	Provision of residential and therapeutic care to children	England and Wales*	Ordinary	100
Keys Stepping Stones Limited	Provision of care and education to children	England and Wales*	Ordinary	100
Keys Active 8 Care Limited	Provision of social work services and accommodation	England and Wales*	Ordinary	100
Keys Educational Services Limited	Provision of education and residential care to children	England and Wales*	Ordinary	100
Keys BR Limited	Provision of education and residential care to children	England and Wales*	Ordinary	100
Keys NHCC Limited	Provision of residential care to children	England and Wales*	Ordinary	100

Notes *(continued)*

13 Fixed asset investments *(continued)*

Keys QTC Limited	Provision of residential care to children	England and Wales*	Ordinary	100
Keys Family Assessment Centre Limited	Provision of residential assessment facilities	England and Wales*	Ordinary	100
Keys 16 Plus Independent Living Services Limited	Provision of accommodation and support care to young people	England and Wales*	Ordinary	100
Keys 7KS Limited	Provision of education to children	Northern Ireland**	Ordinary	100
Keys Child Care (Holdings) Limited	Holding company	England and Wales*	Ordinary	100
Keys NHG Limited	Holding company	England and Wales*	Ordinary	100
Keys Young People Limited	Provision of residential and therapeutic care to children	England and Wales*	Ordinary	100
Keys Education & Care Limited	Holding company	Northern Ireland**	Ordinary	100
Keys Education Limited	Provision of residential and therapeutic care to children	England and Wales*	Ordinary	100
Promoting Positive Lives Limited	Dormant	England and Wales*	Ordinary	100
Keys PCE Limited	Contracting company	England and Wales*	Ordinary	100
Keys Group PCE (Holdings) Limited	Holding company	England and Wales*	Ordinary	100
Keys Group PCE Realty Limited	Rental of property to other group companies	England and Wales*	Ordinary	100
Keys Group Progressive Care & Education Limited	Providing competent and inter-changeable services to disabled children and adults	England and Wales*	Ordinary	100
Keys Group Progressive Education Limited	Operating a specialist school and resource centre for disabled children and adults	England and Wales*	Ordinary	100
Keys Group PCE Community Support Services Limited	Rental of property to other group companies	England and Wales*	Ordinary	100
The Leaving Care Company Limited	Provision of accommodation and support care for young people	England and Wales*	Ordinary	100
Keys Specialist Residential Children's Services Limited	Provision of education and residential care to children	England and Wales*	Ordinary	100
Keys CWCH Limited	Holding company	England and Wales*	Ordinary	100
Keys CWC Limited	Provision of education and residential care to children	England and Wales*	Ordinary	100
Keys KIN Limited	Provision of residential care for children	England and Wales*	Ordinary	100
Keys ACE Limited	Provision of education and residential care to children	England and Wales*	Ordinary	100
Keys Care Solutions Limited	Rental of property to other group companies	England and Wales*	Ordinary	100
Keys Direct Care Limited	Provision of education and residential care to children	England and Wales*	Ordinary	100
Build-A-Future Ltd	Provision of education to children	England and Wales*	Ordinary	100
Artemis Young Person's Care and Education Services Limited	Holding company	England and Wales*	Ordinary	100
Unique Care Homes Support Limited	Provision of care and education to children	England and Wales*	Ordinary	100
South West Childcare Services Ltd	Provision of care and education to children	England and Wales*	Ordinary	100
Keys Group Properties Limited (formerly SWCS Property Ltd)	Rental of property to other group companies	England and Wales*	Ordinary	100

The company directly owns shares in Keys Midco Limited. All other companies are owned indirectly through Keys Midco Limited.

* Registered office: Maybrook House, Second Floor, Queensway, Halesowen B63 4AH.

** Registered office: c/o Pinsent Masons LLP, The Soloist Building, 1 Lanyon Place, Belfast, Northern Ireland BT1 3LP.

During the year, Keys Child Care (IRL) Limited, a dormant subsidiary, was dissolved.

Notes *(continued)*

14 Debtors

	Group 31 March 2021 £'000	**Company 31 March 2021 £'000**	Group 31 March 2020 £'000	Company 31 March 2020 £'000
Amounts falling due within one year:				
Trade debtors	10,521	-	10,042	-
Amounts due from subsidiary undertakings	-	80	-	40,933
Other debtors	201	-	317	-
Prepayments and accrued income	1,891	-	2,223	-
Interest rate hedge asset	318	-	-	-
	12,931	80	12,582	40,933

Amounts due from subsidiary undertakings are unsecured, interest free and carry no fixed terms of repayment.

15 Creditors: amounts falling due within one year

	Group 31 March 2021 £'000	**Company 31 March 2021 £'000**	Group 31 March 2020 £'000	Company 31 March 2020 £'000
Trade creditors	1,271	-	984	-
Taxation and social security	1,758	-	3,613	-
Other creditors	2,019	-	2,283	-
Accruals and deferred income	10,361	-	8,938	-
VAT	5,822	-	2,937	-
Obligations under finance leases	92	-	104	-
Corporation tax	1,436	-	321	-
Amounts due to subsidiary undertakings	-	69	-	69
	22,759	69	19,180	69

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

16 Creditors: amounts falling due after more than one year

	Group 31 March 2021 £'000	**Company 31 March 2021 £'000**	Group 31 March 2020 £'000	Company 31 March 2020 £'000
Bank loans *(see note 17)*	141,717	-	92,497	-
Preference shares	13,663	13,663	57,153	57,153
Finance lease liabilities	-	-	95	-
	155,380	13,663	149,745	57,153

Notes *(continued)*

17 Interest-bearing loans and borrowing

This note provides information about the contractual terms of the Group's and parent company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 31 March 2021 £'000	**Company 31 March 2021 £'000**	Group 31 March 2020 £'000	Company 31 March 2020 £'000
Creditors falling due after more than one year				
Bank loans	144,300	-	94,500	-
Preference shares	13,663	13,663	57,153	57,153
Unamortised fees	(2,583)	-	(2,003)	-
Finance lease liabilities	-	-	95	-
	155,380	13,663	149,745	57,153
Creditors falling due within one year				
Finance lease liabilities	92	-	104	-
	92	-	104	-

The bank loans are secured by way of a fixed and floating charge over all the assets of the group, present and future, and repayable on the termination date scheduled below.

Terms and debt repayment schedule

	Currency	**Nominal interest rate**	**Year of maturity**	**Repayment schedule**	**2021 £'000**
Group					
Structured term loan	GBP	LIBOR +5.5%	2024	On termination	144,300
Rolling credit facility	GBP	LIBOR +3.25%	2024	On termination	-
Preference shares	GBP	12%	2027	On termination	13,663
Finance lease liability	GBP	-	-	Monthly	92
					158,055

	Currency	**Nominal interest rate**	**Year of maturity**	**Repayment schedule**	**2021 £'000**
Company					
Preference shares	GBP	12%	2027	On termination	13,663

At 31 March 2021, the Group has £7.5 million (2020: £0.5 million) undrawn credit facility, which is available until the termination date. Pursuant to a Board resolution, the Group repaid preference shares to the value of £42.9 million.

The Company has in place an interest rate cap on £108.225 million which caps the LIBOR liability at 0.75%. This is in place until 31 March 2024.

Notes *(continued)*

17 Interest-bearing loans and borrowing *(continued)*

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2020 £'000
Group					
Structured term loan	GBP	LIBOR +6.0%	2024	On termination	87,500
Rolling credit facility	GBP	LIBOR +3.25%	2024	On termination	7,000
Preference shares	GBP	12%	2027	On termination	57,153
Finance lease liability	GBP	-	-	Monthly	199
					151,852

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2020 £'000
Company					
Preference shares	GBP	12%	2027	On termination	57,153

Notes *(continued)*

18 Provisions for liabilities

	Group 31 March 2021 £'000	**Company 31 March 2021 £'000**	Group 31 March 2020 £'000	Company 31 March 2020 £'000
Deferred tax	3,346	-	3,134	-
Dilapidations	321	-	252	-
Onerous lease	30	-	100	-
Closure provision	122	-	94	-
Onerous contract	-	-	86	-
	3,819	-	3,666	-

Movements on provisions:	**Deferred tax £'000**	**Dilapidations £'000**	**Onerous lease £'000**	**Closure provision £'000**	**Onerous contract £'000**	**Total £'000**
Group						
At 1 April 2020	3,134	252	100	94	86	3,666
Amounts utilised during the year	35	(230)	(33)	(18)	-	(246)
Provisions made / (released) during the year (classified as exceptional)	-	299	(37)	46	(86)	222
Deferred tax on acquisitions	73	-	-	-	-	73
Prior year	104	-	-	-	-	104
At 31 March 2021	3,346	321	30	122	-	3,819

Provisions have been made to reflect the directors' best estimates of future costs.

	31 March 2021 £'000	31 March 2020 £'000
Maturity analysis of provisions		
Within 1 year	536	595
Between 1 and 2 years	63	63
Between 2 and 5 years	189	63
Over 5 years	3,031	2,945
	3,819	3,666

Notes *(continued)*

19 Deferred taxation

Deferred tax (assets) and liabilities are attributable to the following:

	31 March 2021 £'000	31 March 2020 £'000
Group		
Fixed assets	3,737	3,636
Short term timing differences	(391)	(473)
Losses	-	(29)
	3,346	3,134

The Group has further tax losses and short term timing differences which may be available to be carried forward for offset against future taxable profits of certain Group Companies. No deferred tax asset in respect of these losses has been recognised at the year end as the Group does not currently anticipate being able to offset these against future profits.

	31 March 2021 £'000	**31 March 2020 £'000**
Losses	(318)	(407)
Total	(318)	(407)

Notes *(continued)*

20a Current year acquisitions

On 27 May 2020, a subsidiary of the company, Keys Bidco Limited acquired the entire share capital of South West Childcare Services Limited and Keys Group Properties Limited (formerly SWCS Property Limited). The resulting goodwill of £5,156,000 was capitalised and will be written off over 10 years. The reason for selecting that period is that the current strategic planning horizon is ten years. The goodwill is considered to represent the workforce in place, expected synergies to arise and the customer relationships held by the business. The book and provisional fair value is as follows:

	Book value £'000	Provisional fair value adjustments £'000	Fair value £'000
Fixed assets			
Tangible	423	-	423
Current assets			
Debtors	1,933	-	1,933
Cash	93	-	93
Total assets	2,449	-	2,449
Liabilities			
Creditors	(264)	-	(264)
Taxation	(309)	(73)	(382)
Total liabilities	(573)	(73)	(646)
Net assets / (liabilities)	1,876	(73)	1,803
Goodwill			**5,156**
Purchase consideration and costs of acquisition			**6,959**

	£'000
Consideration satisfied by:	
Cash	6,855
Costs	104
	6,959

For the period ended 31 March 2021 the business contributed revenue of £427,000 and a profit after tax of £91,000. The revenue and profit after tax is reported within the Group's results for the 10 month period from 27 May 2020.

The adjustment to deferred tax is as a result of the change in accounting policy detailed in note 1.

There is no difference between profit after tax and the recognised gains and losses for the period.

Notes *(continued)*

20b Prior year acquisitions

On 12 December 2019, a subsidiary of the company, Keys Bidco Limited acquired the entire share capital of Build-A-Future Limited. The resulting goodwill of £951,000 was capitalised and will be written off over 10 years. The reason for selecting that period is that the current strategic planning horizon is ten years. The goodwill is considered to represent the workforce in place, expected synergies to arise and the customer relationships held by the business. The book and provisional fair value is as follows:

	Book value	Provisional fair value adjustments	Fair value
	£'000	£'000	£'000
Fixed assets			
Tangible	14	-	14
Current assets			
Debtors	20	-	20
Cash	85	-	85
Total assets	119	-	119
Liabilities			
Creditors	(117)	-	(117)
Taxation	(12)	-	(12)
Total liabilities	(129)	-	(129)
Net assets / (liabilities)	(10)	-	(10)
Goodwill			**951**
Purchase consideration and costs of acquisition			**941**

	£'000
Consideration satisfied by:	
Cash	853
Costs	88
	941

For the period ended 31 March 2020 the business contributed revenue of £377,000 and a profit after tax of £7,000. The revenue and profit after tax is reported within the Group's results for the 3.5 month period from 12 December 2019.

There is no difference between profit after tax and the recognised gains and losses for the period.

Notes *(continued)*

20b Prior year acquisitions *(continued)*

On 17 February 2020, a subsidiary of the company, Keys Bidco Limited (formerly Kestrel Bidco Limited) acquired the share capital of Artemis Young Person's Care and Education Services Limited and its subsidiary Unique Care Homes Support Limited. The resulting goodwill of £16,009,000 was capitalised and will be written off over 10 years. The reason for selecting that period is that the current strategic planning horizon is ten years. The book and provisional fair value is as follows:

	Book value	Provisional fair value adjustments	Fair value
	£'000	£'000	£'000
Fixed assets			
Tangible	2,446	-	2,446
Investments	350	(350)	-
Current assets			
Cash	287	-	287
Debtors	505	-	505
Intercompany loan	300	-	300
Total assets	3,888	(350)	3,538
Liabilities			
Creditors	(641)	-	(641)
Corporation tax	(195)	3	(192)
Deferred tax	(35)	(365)	(400)
Total liabilities	(871)	(362)	(1,233)
Net assets	3,017	(712)	2,305
Goodwill			**16,009**
Purchase consideration and costs of acquisition			**18,314**

Investment balances comprised investments in the share capital of the respective companies acquired and so are reversed on acquisition of each company.

The adjustment to corporation tax is as a result of a change in the pre acquisition liability.

The adjustment to deferred tax is as a result of the change in accounting policy detailed in note 1.

Notes *(continued)*

20b Prior year acquisitions *(continued)*

	£'000
Consideration satisfied by:	
Cash	18,134
Costs	180
	18,314

For the period ended 31 March 2020 the business contributed revenue of £782,000 and a profit after tax of £15,000. The revenue and profit after tax is reported within the Group's results for the 1.5 month period from 17 February 2020.

There is no difference between loss after tax and the recognised gains and losses for the period.

Notes *(continued)*

21 Retirement benefit schemes

	2021 £'000	2020 £'000
Defined contribution schemes		
Charge to profit and loss account in respect of defined contribution schemes	1,410	1,277

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

22 Called up share capital

Group and company	**2021 £**	**2020 £**
Allotted, called up and fully paid		
692 (2020: 692) A ordinary shares of £1 each	692	692
409 B ordinary shares of £1 each	409	409
90 C ordinary shares of £1 each	90	90
51 D ordinary shares of £2 each	102	102
	1,293	1,293

The ordinary shares are not redeemable.

23 Operating lease commitments

At 31 March 2021, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	31 March 2021 £'000			31 March 2020 £'000		
	Land & buildings	Other assets	**Total**	Land & buildings	Other assets	**Total**
Within one year	2,913	503	**3,416**	2,602	794	**3,396**
Between two and five years	7,766	253	**8,019**	7,524	1,190	**8,714**
In more than five years	4,170	-	**4,170**	4,140	-	**4,140**
	14,849	756	**15,605**	14,266	1,984	**16,250**

During the year £4,151,000 (2020: £3,841,000) was recognised as an expense in respect of operating lease arrangements.

Notes *(continued)*

24 Events after the reporting date

On 11 May 2021, a subsidiary of the company, Keys Group Holdings Limited acquired the entire share capital of Southern Adolescent Care Services Limited.

25 Related party disclosures

The preference shares disclosed in note 17 are held by shareholders of the Company. The Group accrued interest payable on the preference shares of £5,052,000 at the year end (2020: £16,289,000). In the year the Group repaid preference shares to the value of £42.9 million, supported via directors' solvency statements.

Other than the items disclosed above, no amounts were due to or from related parties at the end of the period.

26 Ultimate parent company and parent company of larger group

There is no immediate parent company, and the ultimate controlling party is G Square Healthcare Private Equity LLP.