

Sutura Group Limited

Unaudited financial statements

For the 8 month period ended 31 March 2023

Company registration number: 10942811



Sutura Group Limited

Annual report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Strategic report	2
Directors' report	4
Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements	5
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Notes	9

Sutura Group Limited

Directors and other information

Directors

D L Manson
C J Anderton

Registered office

Maybrook House
Second Floor
Queensway
Halesowen
B63 4AH

Company registration number

10942811

Sutura Group Limited

Strategic report

The directors present their strategic report and financial statements for the period ended 31 March 2023.

Principal activity

The principal activity of the Company is that of renting property to a fellow group company.

Business review

The results for the year are set out in the profit and loss account on page 6 and in the related notes.

The company experienced a decrease in turnover for the 8 month period to 31 March 2023 of 19% to £109,000 compared to turnover of £134,000 for the 12 month period to 31 July 2022. Administrative expenses decreased by 87% to £11,000. A profit on disposal of fixed assets of £533,000 contributed to an increase in profit before tax of £619,000 to £608,000 for the 8 month period to 31 March 2023.

The balance sheet shows that the company has net current liabilities of £1,459,000 (2022: £1,157,000) and net assets of £745,000 (2022: £137,000).

Principal risks and uncertainties

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

The key risks and uncertainties facing the Group are considered to relate to quality of care delivery, the regulatory environment and financial management. The quality of care is monitored by an experienced quality compliance team through the establishment of robust policies and procedures. The homes are regularly audited by the team to ensure compliance with care standards.

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

The health and safety of the people we support and of our employees is of prime importance to the Group. The Group has a health and safety policy, which is managed and monitored by the Group's Senior Leadership Team 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.

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 interest rate swaps which caps the rate of interest that it is charged on £159.225m of the drawn debt until 31 March 2024 and £64m of the drawn debt until 31 March 2026.

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.

Sutura Group Limited

Strategic report

Key performance indicators

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

Future outlook

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

On behalf of the board



C J Anderton

Director

13 September 2023

Sutura Group Limited

Directors' report

The directors present their directors' report and financial statements for the period ended 31 March 2023.

Change of accounting reference date

The accounting reference date was changed from 31 July to 31 March during the period as a result of the acquisition of the company by Keys Group Holdings Limited on 7 December 2022.

Change in ultimate parent undertaking

On 7 December 2022, the company was acquired by Keys Group Holdings Limited, a subsidiary of Keys Group Limited (formerly Union Mipco Limited). The ultimate parent undertaking and controlling party are disclosed in note 15.

Dividends

Dividends of £Nil were paid during the period (12 months to 31 July 2022: £Nil).

Directors

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

D L Manson (appointed 7 December 2022)
C J Anderton (appointed 7 December 2022)
I Claybourn (resigned 7 December 2022)
K Yarbo (resigned 7 December 2022)
J Fisher II (resigned 7 December 2022)

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.

Political donations

The company made no political donations or incurred any political expenditure during the period (2022: £nil).

Qualifying third party indemnity provisions

The Company purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Other information

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

On behalf of the board



C J Anderton

Director

13 September 2023

Maybrook House

Second Floor

Queensway

Halesowen

B63 4AH

Sutura Group Limited

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

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

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

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 it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Sutura Group Limited

Profit and loss account

For the 8 month period ended 31 March 2023

	<i>Note</i>	8 months ending 31 March 2023 £'000	12 months ending 31 July 2022 £'000
Turnover	3	109	134
Cost of sales		-	-
Gross profit		109	134
Administrative expenses		(11)	(82)
Operating profit		98	52
Profit on disposal of investment properties		533	-
Interest payable and similar expenses	6	(23)	(63)
Profit/(loss) before taxation		608	(11)
Tax on profit/(loss)	7	-	-
Profit/(loss) for the financial period		608	(11)

All amounts relate to continuing operations.

The company had no other comprehensive income and accordingly, a statement of other comprehensive income has not been presented.

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

Sutura Group Limited

Balance sheet

As at 31 March 2023

	<i>Note</i>	31 March 2023 £'000	31 March 2023 £'000	31 July 2022 £'000	31 July 2022 £'000
Fixed assets					
Investments	8		15		25
Tangible assets	9		2,189		2,849
Current assets					
Debtors: amounts falling due within one year	10	49		-	
Cash at bank and in hand		14		1	
		<u>63</u>		<u>1</u>	
Creditors: amounts falling due within one year	11	(1,522)		(1,158)	
Net current liabilities			(1,459)		(1,157)
Total assets less current liabilities			745		1,717
Creditors: amounts falling due after one year	12		-		(1,580)
Net assets			745		137
Capital and reserves					
Called up share capital	14		25		25
Revaluation reserve			110		110
Profit and loss account			610		2
Shareholders' funds			745		137

For the period ending 31 March 2023 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. These financial statements were approved by board of directors on 13 September 2023 and signed on its behalf by:



C J Anderton
Director

Company registration number: 10942811

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

Sutura Group Limited

Statement of changes in equity 8 months ended 31 March 2023

	Revaluation reserve £'000	Profit and loss account £'000	Share capital £'000	Total £'000
Balance at 1 August 2021	110	13	25	148
Total comprehensive expense for the year				
Loss	-	(11)	-	(11)
Total comprehensive expense for the year	-	(11)	-	(11)
Balance at 31 July 2022	110	2	25	137
	Revaluation reserve £'000	Profit and loss account £'000	Share capital £'000	Total £'000
Balance at 1 August 2022	110	2	25	137
Total comprehensive income for the period				
Profit	-	608	-	608
Total comprehensive income for the period	-	608	-	608
Balance at 31 March 2023	110	610	25	745

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

Sutura Group Limited

Notes

forming part of the financial statements

1 Accounting policies

Sutura Group Limited (company registration number: 10942811) (the “company”) is a private company limited by shares, incorporated and domiciled in England in the United Kingdom. The address of its registered office is: Maybrook House, Second Floor, Queensway, Halesowen, B63 4AH.

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (‘FRS 102’) and the Companies Act 2006. The presentation currency of these financial statements is sterling. Monetary amounts in these financial statements are rounded to the nearest £’000.

The Company’s accounting reference period has been extended from 31 July 2022 to 31 March 2023, and this is the first financial reporting period adopting the new year end date. The financial statements are therefore for the 8 month period ended 31 March 2023, while the comparative information presented in these financial statements cover a 12 month period from 1 August 2021 to 31 July 2022.

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements are the company’s separate financial statements. The company’s ultimate parent undertaking, Keys Group Limited (formerly Union Mipco Limited) includes the company in its consolidated financial statements. The consolidated financial statements of Keys Group Limited (formerly Union Mipco Limited) are prepared in accordance with FRS102 and are available to the public as stated in note 15. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

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

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

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

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

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

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

Notwithstanding net current liabilities of £1,459,000 as at 31 March 2023, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the reasons below.

Sutura Group Limited

Notes *(continued)*

1 Accounting policies *(continued)*

Going concern (continued)

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. This consists of £386m of 12% preference shares, a £270m Unitranche Facility expiring on 1 July 2029, with access to a Committed Capex / Acquisition Unitranche Facility of £50m expiring on 1 July 2029 and a Revolving Credit Facility of £15m expiring on 1 January 2029.

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

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

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

Basic financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other debtors / creditors

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

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Sutura Group Limited

Notes (continued)

1 Accounting policies (continued)

Tangible assets

Investment property is carried at fair value, derived from current market prices for comparable property. Any changes in fair value are recognised in the profit and loss account.

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

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

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

Contingencies

Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

The company is part of a VAT group and therefore they have joint and several liability for any VAT due. This has been borne by Keys PCE Limited and fully paid since the year end.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Employee benefits

Defined contribution plans

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

Turnover

Turnover is generated on the letting of properties in accordance with agreed contract terms.

Sutura Group Limited

Notes *(continued)*

1 Accounting policies *(continued)*

Expenses

Operating lease

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest

Interest payable and similar charges include interest payable, finance charges and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

Taxation

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

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

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. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions.

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

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are items that are material either because of their size or their nature, and are considered non-recurring.

Sutura Group Limited

Notes (continued)

1 Accounting policies (continued)

Provisions

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

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

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

2 Judgements and key sources of estimation uncertainty

There were no material judgements or estimates utilised in the presentation of the financial statements of the Company.

3 Turnover

	8 months ended 31 March 2023 £'000	12 months ended 31 July 2022 £'000
Rendering of services	109	134
	109	134

All turnover derives from the company's principal activity which is carried out in the United Kingdom.

4 Staff numbers and costs

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

	2023 £'000	2022 £'000
Total	2	3
	2	3

Sutura Group Limited

Notes (continued)

5 Directors' remuneration

The directors did not receive any emoluments for their qualifying services to the company during the period.

6 Interest payable

	8 months ended 31 March 2023 £'000	12 months ended 31 July 2022 £'000
Loan interest	23	63
	<hr/>	<hr/>
	23	63
	<hr/>	<hr/>

7 Taxation

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

	8 months ended 31 March 2023 £'000	12 months ended 31 July 2022 £'000
Current tax		
Current tax on income for the year	-	-
Adjustment in respect of prior years	-	-
	<hr/>	<hr/>
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustment in respect of prior years	-	-
Effect of changes in tax rate on opening liability	-	-
	<hr/>	<hr/>
Total deferred tax	-	-
	<hr/>	<hr/>
Total tax on profit	-	-
	<hr/>	<hr/>

Sutura Group Limited

Notes (continued)

7 Taxation (continued)

Factors affecting the tax charge for the year

The tax assessed for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	8 months ended 31 March 2023 £'000	12 months ended 31 July 2022 £'000
Profit/(loss) excluding taxation	608	(11)
Tax using the UK corporation tax rate of 19% (2022: 19%)	116	(2)
(Income not taxable)/non-deductible expenses	(103)	3
Group relief claimed not paid for	(14)	(1)
Fixed asset differences	1	-
	<hr/>	<hr/>
Total tax expense included in profit or loss	-	-
	<hr/>	<hr/>

Factors which may affect future tax charges

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

8 Investments

	Shares in subsidiary undertakings £'000
At 1 August 2022	25
Disposal	(10)
	<hr/>
At 31 March 2023	15
	<hr/>

Sutura Group Limited

Notes (continued)

8 Investments (continued)

Details of the company's subsidiaries at 31 March 2023 are as follows:

<i>Subsidiary undertaking</i>	<i>Country of registration or incorporation</i>	<i>Nature of business</i>	<i>Class and percentage of shares held</i>
The Ryes College Limited	England and Wales*	Education services	100% of ordinary share capital

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

During the period, the company disposed of its investments in KT Health Limited and Kalang Management Services Limited.

None of the shares of the above subsidiary undertakings are listed. In the opinion of the directors the shares in the company's subsidiary undertakings are worth at least the amount at which they are stated in the balance sheet.

9 Tangible assets

	Investment properties
	£'000
<i>Cost</i>	
At 1 August 2022	2,849
Disposal	(660)
	<hr/>
At 31 March 2023	2,189
	<hr/>

10 Debtors: amounts falling due within one year

	31 March 2023	31 July 2022
	£'000	£'000
Amounts owed by group undertakings	49	-
	<hr/>	<hr/>
	49	-
	<hr/>	<hr/>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Sutura Group Limited

Notes (continued)

11 Creditors: amounts falling due within one year

	31 March 2023 £'000	31 July 2022 £'000
Bank loans and overdrafts	-	87
Trade creditors	-	4
Other creditors	-	103
Amounts owed to fellow group companies	1,522	964
	<hr/>	<hr/>
	1,522	1,158
	<hr/>	<hr/>

Amounts owed to group undertakings and to parent company are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12 Creditors: amounts falling due after one year

	31 March 2023 £'000	31 July 2022 £'000
Bank loans and overdrafts	-	1,116
Other borrowings	-	420
Accruals and deferred income	-	44
	<hr/>	<hr/>
	-	1,580
	<hr/>	<hr/>

13 Contingent liabilities

The company had no contingent liabilities at the year end (2022: £Nil).

14 Share capital

	31 March 2023 £'000	31 July 2022 £'000
<i>Allotted, called up and fully paid</i>		
25,000 ordinary shares of £1 each	25	25
	<hr/>	<hr/>
Shares classified in shareholders' funds	25	25
	<hr/>	<hr/>

Sutura Group Limited

Notes *(continued)*

15 Ultimate parent undertaking and controlling party

The company is a subsidiary undertaking of Keys Group Holdings Limited. The ultimate parent company is Keys Group Limited (formerly Union Mipco Limited), and the ultimate controlling party is G Square Capital (GP) CV LLP.

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

16 Related party transactions

Included in other creditors is a balance of £nil (2023: £23,163) owed to K Yarbo, a director of the company.

17 Subsequent events

There were no events after the balance sheet date that would require adjustment or disclosure in the financial statements.