



Keys 7KS Limited

Annual report and financial statements

Year ended 31 March 2022

Company registration number: NI 608728

Keys 7KS Limited

Annual report and financial statements

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Keys 7KS Limited

Directors and other information

Directors

D L Manson
C J Anderton

Auditor

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Registered office

c/o Pinsent Masons LLP
The Soloist Building
1 Lanyon Place
Belfast
Norther Ireland
BT1 3LP

Company registration number

NI 608728

Keys 7KS Limited

Directors' report

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

Principal activity

The principal activity of the company is the provision of education services for children. The directors confirm their intention to continue these operations in the coming financial year.

Results and dividends

The results for the year are set out in the profit and loss account on page 9 and in the related notes.

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

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

Directors

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

D L Manson
C J Anderton

Group restructure

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

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

Political donations

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

Keys 7KS Limited

Directors' report

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.

Small companies exemption

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

Disclosure of information to auditor

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

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



C J Anderton
Director

2 August 2022

c/o Pinsent Masons LLP
The Soloist Building
1 Lanyon Place
Belfast
Northern Ireland
BT1 3LP

Keys 7KS Limited

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

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

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

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

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

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

Independent auditor's report to the members of Keys 7KS Limited

We have audited the financial statements of Keys 7KS Limited ("the Company") for the year ended 31 March 2022 which comprise the Profit and loss account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

Independent auditor's report to the members of Keys 7KS Limited *(continued)*

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

We did not identify any additional fraud risks.

We performed procedures including:

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

Identifying and responding to risks of material misstatement 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.

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

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

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

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

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

Directors' report

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

Independent auditor's report to the members of Keys 7KS Limited *(continued)*

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, 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.

Independent auditor's report to the members of Keys 7KS Limited *(continued)*



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

Keys 7KS Limited

Profit and loss account

For the year ended 31 March 2022

	<i>Note</i>	2022 £'000	2021 £'000
Turnover	3	1,574	1,366
Cost of sales		(1,123)	(962)
Gross profit		451	404
Administrative expenses, before exceptional costs		(348)	(362)
Exceptional costs	6	-	(15)
Administrative expenses		(348)	(377)
Profit before taxation	7	103	27
Tax on profit	8	(20)	(4)
Profit for the financial year		83	23

All amounts relate to continuing operations.

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

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

Keys 7KS Limited

Balance sheet

At 31 March 2022

	<i>Note</i>	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Tangible assets	9		501		362
Current assets					
Debtors	10	2,461		1,808	
Cash at bank and in hand		7		91	
		<u>2,468</u>		<u>1,899</u>	
Creditors: amounts falling due within one year	11	(2,159)		(1,554)	
		<u></u>		<u></u>	
Net current assets			309		345
			<u></u>		<u></u>
Total assets less current liabilities			810		707
			<u></u>		<u></u>
Provisions: amounts falling due after one year	12		(23)		(3)
			<u></u>		<u></u>
Net assets			787		704
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	16		-		-
Profit and loss account			787		704
			<u></u>		<u></u>
Shareholders' funds			787		704
			<u></u>		<u></u>

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



C J Anderton
Director

Company registration number: NI 608728

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

Keys 7KS Limited

Statement of changes in equity

For year ended 31 March 2022

	Profit and loss account £'000	Share capital £'000	Total £'000
Balance at 1 April 2020	681	-	681
Total comprehensive income for the year			
Profit	23	-	23
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	23	-	23
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2021	704	-	704
	<hr/>	<hr/>	<hr/>

	Profit and loss account £'000	Share capital £'000	Total £'000
Balance at 1 April 2021	704	-	704
Total comprehensive income for the year			
Profit	83	-	83
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	83	-	83
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2022	787	-	787
	<hr/>	<hr/>	<hr/>

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

Keys 7KS Limited

Notes

(forming part of the financial statements)

1 Accounting policies

Keys 7KS Limited (the “company”) is a private company limited by shares, incorporated and domiciled in England in the United Kingdom.

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

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

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

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

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

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

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

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

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

Keys 7KS Limited

Notes (continued)

1 Accounting policies (continued)

Going concern (continued)

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

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

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

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

Classification of financial instruments issued by the company

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

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

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

Keys 7KS Limited

Notes (continued)

1 Accounting policies (continued)

Basic financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other debtors / creditors

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

Tangible fixed assets

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

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

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

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

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

Leasehold improvements	5% straight line
Fixtures and fittings	10% straight line
Computer equipment	25% straight line
Motor vehicles	25% straight line

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

Keys 7KS Limited

Notes (continued)

1 Accounting policies (continued)

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 assets 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 on impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Employee benefits

Defined contribution plans

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

Turnover

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

Keys 7KS Limited

Notes (continued)

1 Accounting policies (continued)

Expenses

Operating lease

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

Taxation

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

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

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

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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

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

Provisions

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

Keys 7KS Limited

Notes (continued)

1 Accounting policies (continued)

Provisions (continued)

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

	2022 £'000	2021 £'000
Rendering of services	163	720
Operating fee income from Keys PCE Limited	1,411	646
	<hr/>	<hr/>
	1,574	1,366
	<hr/>	<hr/>

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

Keys 7KS Limited

Notes (continued)

4 Staff numbers and costs

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

	2022 No.	2021 No.
Teachers	30	32
Administration	2	3
	<hr/>	<hr/>
	32	35
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2022 £'000	2021 £'000
Wages and salaries	879	745
Social security costs	71	66
Contributions to defined contribution plans	15	23
	<hr/>	<hr/>
	965	834
	<hr/>	<hr/>

5 Directors' remuneration

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

6 Exceptional costs

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

	2022 £'000	2021 £'000
Covid-19	-	15
	<hr/>	<hr/>

The above items have been classified as exceptional to the extent that they relate to one-off costs.

Keys 7KS Limited

Notes (continued)

7 Expenses and auditor's remuneration

	2022 £'000	2021 £'000
<i>Included in profit are the following:</i>		
Operating leases:		
- land and buildings	142	145
- other	21	33
Depreciation of tangible fixed assets:		
- owned assets	56	40

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

8 Taxation

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

	2022 £'000	2021 £'000
<i>Current tax</i>		
Current tax on income for the year	-	-
Adjustment in respect of prior years	-	-
Total current tax	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	17	-
Impact of change in tax rates	2	-
Adjustment in respect of prior years	1	4
Total deferred tax	20	4
Total tax	20	4

Keys 7KS Limited

Notes (continued)

8 Taxation (continued)

Factors affecting the tax charge

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

9 Tangible fixed assets

	Leasehold improvements £'000	Fixtures & fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2021	20	436	12	10	478
Additions	-	178	17	-	195
Disposals	-	-	(7)	(10)	(17)
At 31 March 2022	20	614	22	-	656
Depreciation					
At 1 April 2021	4	93	9	10	116
Charge for the year	1	52	3	-	56
Disposals	-	-	(7)	(10)	(17)
At 31 March 2022	5	145	5	-	155
Net book value					
At 31 March 2022	15	469	17	-	501
At 31 March 2021	16	343	3	-	362

Keys 7KS Limited

Notes (continued)

10 Debtors	2022 £'000	2021 £'000
Trade debtors	-	56
Amounts due from group undertakings	2,389	1,752
Prepayments and accrued income	71	-
Other debtors	1	-
	<hr/>	<hr/>
	2,461	1,808
	<hr/>	<hr/>

Amounts due from group undertakings are interest free, unsecured and payable on demand.

11 Creditors: amounts falling due within one year	2022 £'000	2021 £'000
Amounts owed to group undertakings	2,148	1,478
Other taxation and social security	-	17
Accruals and deferred income	11	30
Other creditors	-	29
	<hr/>	<hr/>
	2,159	1,554
	<hr/>	<hr/>

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

12 Provisions

	Deferred tax £'000
As at 1 April 2021	3
Charge for the year	20
	<hr/>
As at 31 March 2022	23
	<hr/>

Keys 7KS Limited

Notes (continued)

12 Provisions (continued)

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

	2022 £'000	2021 £'000
Accelerated capital allowances	23	5
Short term timing differences	-	(2)
	<u>23</u>	<u>3</u>

13 Employee benefits

Defined contribution plans

The company operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £15,000 (2021: £23,000).

14 Contingent liabilities

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

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land & buildings 2022 £'000	Other 2022 £'000	Total 2022 £'000	Land & buildings 2021 £'000	Other 2021 £'000	Total 2021 £'000
Less than one year	126	11	137	143	19	162
Between one and five years	495	-	495	516	12	528
More than five years	77	-	77	201	-	201
	<u>698</u>	<u>11</u>	<u>709</u>	<u>860</u>	<u>31</u>	<u>891</u>

Keys 7KS Limited

Notes (continued)

16 Share capital

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

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

17 Ultimate parent undertaking and controlling party

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

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

18 Related party transactions

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

19 Subsequent events

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

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