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KEYS FKS LIMITED

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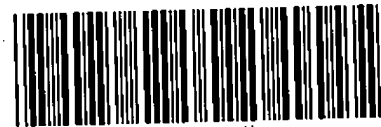
Keys Group Limited
(formerly Union Mipco Limited)

Annual report and consolidated
financial statements

Registered number 14101282

Year ended 31 March 2023

TUESDAY



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COMPANIES HOUSE

Directors and Advisors

Directors

Laurent Ganem
Richard Hoenich
David Manson
Colin Anderton
Pauline Paterson
Samantha Jones

Secretary

Emma Ray

Company Number

14101282

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Statutory Auditor
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Strategic Report

Introduction

The directors present their strategic report for the year ended 31 March 2023. The group came into being in July 2022 when the Keys Group, headed by Keys Mipco Limited, and the Accomplish Group, headed by Accomplish Mipco Limited previously separately owned by G Square Capital (GP) CV LLP were brought together via a share for share exchange in the newly formed Keys Group Limited (formerly known as Union Mipco Limited). As referenced in note 1 the accounts have been prepared under merger accounting rules which presents the results of the group as if the companies now contained within it had always been part of the same group.

Principal activities

The principal activity of the Company is that of a holding company for the Group, which provides specialist care, support, education and activities for young people and adults. 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.

Keys Group is committed to providing the highest quality care to Young People and Adults across England and Wales. The Group supports over 1,200 young people in a mixture of residential, educational and leaving care settings, as well as operating seven activity centres. In addition, the Group supports over 1,100 Adults in Residential and Supported Living environments. The majority of its activities are regulated by OFSTED, Care Inspectorate Wales or the Care Quality Commission.

During the year, The Keys Group and Accomplish Group merged to create an enlarged Care Group, supporting both Adults and Children. Prior to that date, Accomplish Group had taken the decision to close its large complex care service, Lakeside, and this is shown as a discontinued activity in these results. During the year, the Group made three acquisitions, as well as investing substantially in enhancing its existing services, developing new services, and investing in technology to support better oversight and improved outcomes.

Fair review of business and future developments

As set out above, we have chosen to apply merger accounting to the two parts of the group, effectively showing a consolidated position as if the group had always been in existence. As part of the financing for the merger, we have taken on additional preference shares, but due to the fact that there is no uplift in assets or revaluation of goodwill to reflect the equity value of the transaction, the balance sheet shows an increased liability position. The capital position of the group is very strong, with Net Assets of £17,360k (2022: £18,786k) and with long-term funding in place, comprising of non-amortising bank debt maturing in 2029 and preference shares maturing in 2032 (see note 18).

On 25 April 2022, a subsidiary of the company, Keys Group Holdings Limited acquired the entire share capital of Considerate Care Limited. Considerate Care Limited operates two residential homes in the North West of England.

On 2 September 2022, a subsidiary of the company, Accomplish Group Bidco Limited, acquired the entire share capital of Haven Street Holdings Limited, Recovery Care Limited, Church Valley Homes Limited and Positive Circle Limited. These companies operate support to adults in the South of Wales.

On 7 December 2022, a subsidiary of the company, Keys Group Holdings Limited acquired the entire share capital of Sutura Group Limited and its subsidiary The Ryes College Limited. The Ryes College Limited operates 4 residential homes and 2 schools in the East of England.

In addition to acquisitive growth, the Group manages a healthy pipeline of organic projects. At 31 March 2023, the Group had 18 approved developments in progress, comprising 3 schools, 10 residential childrens homes, 2 Adult Residential homes and 3 Supported Living services. The Group is committed to working with local authorities to develop services in areas of need.

The group continues to work to fully integrate all parts of the business post-merger, including significant investment into systems to support the ongoing drive to deliver process improvements, automation and efficiencies.

Trading in the year ended 31 March 2023 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 13, turnover for Continuing operations for the year ended 31 March 2023 amounted to £243,359k (2022: £222,036k) and gross profit to £58,072k (2022: £63,825k). EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) from Continuing operations amounted to £39,832k (2022: £50,134k). This result is reflective of the challenges set out in this report, but the actions taken in the financial year and beyond are having a positive impact in improving this position.

The net loss of £61,703k (2022: £17,613k), is stated after exceptional costs of £10,061k (2022: £12,890k), loss on disposal of fixed assets of £1,050k (2022: profit of £97k) and non-cash charges including an interest charge on preference shares of £31,346k on a shareholder debt (2022: £nil), amortisation and depreciation of £26,112k (2022: £23,522k) and £8,901k (2022: £7,317k) respectively.

Strategic report (continued)

Fair review of business and future developments (continued)

The Group's balance sheet on page 14 shows that the Group has net liabilities of £458,286k (2022: £41,776k), including a Revolving Credit Facility drawdown of £5,000,000 (2022: £nil), secured loans of £293,960k (2022: £258,543k) and preference shares of £385,695k (2022: £nil).

As a result of this merger the existing banking facilities were replaced with a combined facility for the 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, a revolving credit facility of £15m expiring on 1 January 2029 and £386m of £12% preference shares redeemable in June 2032 or on an exit.

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 services 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 30 June 2023, 92% 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 high inflation, wage growth and increasing interest rates, combined with budget limitations within central and local government, there is a risk that fees do not rise in line with costs, resulting in pressure on margins.

As with many organisations at this time, the UK employment market is providing significant challenges to firms' abilities to recruit and retain staff. We will only operate services where we have a safe level of staffing in place, and therefore these challenges present a risk on occupancy levels and/or increases in agency staff impacting margin. Over the last 18 months, the group has undertaken a number of initiatives which have seen both recruitment levels improve and staff turnover levels reduce. This includes becoming a Real Living Wage employer, in our children's business last year, and in April 2023, across the combined Group.

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 year.

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 2023, the group supported an average of 1,932 children and adults (2022: 1,782) across Residential services and Education, representing an occupancy level of 80% (2022: 82%). In addition, the group provided 39,000 hours of care across its Supported Living and Leaving Care Services (2022: 35,000). Average weekly fees in the year to 31 March 2023 were £2,426 (2022: £2,452).

Strategic report (continued)

Stakeholder engagement and Section (1) statement

The Board of Directors, in line with our duties under s172 of the Companies Act 2006, act in a way we consider would most likely be in the best interests of the Company taking into account the requirements of all stakeholders. We aim to build positive relationships with stakeholders who share our values to help deliver long-term sustainable success.

Decision making is made within the Senior Leadership Committee and Board, key decisions are made in full consultation with the directors of the Group. The Board have the full support of the shareholders in developing the Company for the benefit of all stakeholders. Engagement with other stakeholders is illustrated below.

The Directors consider our key stakeholders to be the Group's employees, the People We Support, Lenders, Funding Authorities, Commissioners, Suppliers and the industry regulators.

Employees

Our people are key to our success and we want them to be successful both individually and as a team. All employees attend an induction on joining the firm, which includes an introduction to our quality manual, staff policies and procedures. This includes our anti-bribery / corruption policies. Ongoing training is provided to our employees to ensure they can deliver the best possible care and education, as well as to provide personal development.

We operate an open-door policy and actively encourage honest reporting across the business, both internally and externally. This year, Keys Group has created an Employee Forum as an additional route to ensuring our employees voices are heard.

Communication is made through a number of channels including weekly communications on key topics.

An Employee Assistance Programme is in place and is designed to provide a safe and confidential environment for employees to seek help, advice or support in relation to any personal issues they have.

The Group is committed to the principle of equal opportunity in employment. In the year, an Inclusion Forum was set up, made up of colleagues from around the Group. This helps educate all of us on all points of difference, and drives Group initiatives to support our diversity and inclusion targets. Our employment policies for recruitment, selection, training, development and promotion are designed to ensure no job applicant or employee receives less favourable treatment on the grounds of race, colour, nationality, ethnic or national origin, religion, political beliefs, disability, sex or marital status.

Funding Authorities / Commissioners

A significant amount of the Group's business is under Health or Social Care frameworks, with individual placement agreements and 'spot purchases' from a broad range of funding authorities. The Group maintains open dialogues with representatives of these authorities and understands the importance of maintaining these relationships.

People we support

All our services are tailored specifically to meet the needs of each person. Our person-centred, positive and encouraging approach means each person is treated with respect and supported to reach their full potential.

Suppliers

The Directors recognise the importance of building strong relationships with suppliers and working with reputable high quality businesses.

The Environment

The Group has residential, educational and activity properties across the UK and therefore recognises that it is important that the Group acts in an environmentally responsible manner. This is a key area of focus for the Group and management are identifying ways to reduce the Group's carbon footprint.

Lenders

Performance metrics and updates are provided regularly by the Directors to our shareholders and lenders.

Strategic report (continued)

Environment

The Keys Group recognises 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 2023, the Group's energy usage was as follows:

	31 March 2023	MwH	31 March 2022	MwH
	Global tonnes of CO ₂ e		Global tonnes of CO ₂ e	
Combustion of fuel and operation of facilities	2,275	12,351	2,122	11,488
Electricity, heat, steam and cooling purchased for own use	-	4,651	1,667	6,000
Business travel where the Group is responsible for purchasing fuel	4,301	17,555	2,684	10,957
	<u>6,576</u>	<u>34,557</u>	<u>6,473</u>	<u>28,445</u>
Emissions intensity per employee (Tonnes of CO ₂ e per employee)	1.2		1.3	

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).

Modern day slavery act statement

Keys Group is a leading provider of care and support to young people, adults and families throughout England and Wales. We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our anti-slavery and human trafficking policy reflects our commitment to acting ethically and with integrity in all our business relationships. Both modern slavery and human trafficking are incompatible with our core EPIC values of: Excellence, Passion, Integrity and Caring. These values underpin the whole ethos of Keys Group and our aim is to embed these core values in every aspect of our business including in our approach and handling of modern slavery and human trafficking.

We acknowledge that modern slavery often takes place in the course of employment however the vulnerable people we support may also be exposed to modern slavery, human trafficking and (in the case of young people) child sexual exploitation and criminal exploitation. As a responsible provider we have a number of policies that are relevant (either directly or non-directly) to modern slavery, human trafficking and/or child exploitation. All our employees are required to comply with these policies in the course of their employment and where appropriate receive training on them.

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. We expect all those who we deal with on a professional level to comply with our values and we will be requesting that our suppliers have a suitable statement that mirrors Keys Group. We have systems and procedures in place to monitor compliance.

Strategic report (continued)

Financial risk management

The Group's financial instruments comprise trade debtors, cash, trade and other creditors, loans, preference shares and financial instruments. The main risks associated with these financial assets and liabilities are:

Credit Risk

Credit risk arises on third party revenues. The Group's debtors are predominantly Local Authorities and NHS Trusts, and therefore in the directors' opinion, present a low credit risk. The Group has a dedicated team to manage credit risk, and is actively focused on ensuring that payments are received in a timely manner.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The liquidity risk is managed through the Group Finance function.

The Group forecasts business performance, and sets cash forecasts based on interest rates, working capital management and forecast capital expenditure. Capital expenditure spend is managed centrally, with approval levels set based on value to ensure spend is within budgets. The Group's Treasury function manages day to day cashflow, retaining surplus cash in readily accessible bank accounts and ensuring all subsidiary companies have available cash to meet their working capital requirements.

The Group has access to a Revolving Credit Facility to support additional working capital requirements if required. Cash flow is forecast on a daily basis to monitor the Group's liquidity position.

Interest Rate Risk

The Group is funded by long term shareholder and bank loans. The cost of funding bank loans is linked to the rate of SONIA and debt leverage. The Group's finance function manages interest rate risks by putting in place swaps which cap the rate of interest that it is charged on £223.2m of the drawn debt until 31 March 2026.

Market Price Risk

In the current market environment, the Group is aware of the budgetary constraints within Local Authorities. Through its central Finance team, as well as Operational and Commercial teams, the Group works closely with Local Authorities to ensure that prices continue to match the increases in cost faced by the Group, while representing value for money for the services provided.

By order of the board



Colin Anderton
Director

28 JULY 2023

Directors' report

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

Strategic report note

The review of the business, principal risks and uncertainties, financial risk management policies, future developments, streamlined energy and carbon reporting and key performance indicators are not shown in the directors' report as they are shown in the strategic report in accordance with S414C (11) of the Companies Act 2006.

Results and dividend

The consolidated profit and loss account for the year is set out on page 13. The directors have not paid or proposed a dividend in the current year (2022: £nil). The directors do not recommend the payment of a final dividend (2022: £nil).

Directors

The directors who held office during the year and to the date of approval of these financial statements were as follows:

Laurent Ganem	(appointed 11 May 2022)
Richard Hoenich	(appointed 11 May 2022)
David Manson	(appointed 30 June 2022)
Colin Anderton	(appointed 30 June 2022)
Pauline Paterson	(appointed 30 June 2022)
Samantha Jones	(appointed 15 June 2023)
Albert Smith	(appointed 30 June 2022 and resigned 30 June 2023)
Patricia Lee	(appointed 30 June 2022 and resigned 8 November 2022)
Melanie Ramsey	(appointed 30 June 2022 and resigned 8 November 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.

Employee involvement

The Group's policy is to consult and discuss with employees at meetings, matters likely to affect employees' interests. During the year, the Keys group introduced staff forums, with staff representatives ensuring that concerns, requests and opportunities are communicated to senior management in a timely manner.

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 year (2022: £nil).

Qualifying third party indemnity provisions

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

Directors' report (continued)

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.

Post balance sheet events

Please refer to note 25 for further details.

Auditor

The Board appointed Cooper Parry Group Limited as first auditor with effect from 1 February 2023. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Cooper Parry Group Limited will continue in office.

By order of the board



Colin Anderton
Director

Maybrook House
Second Floor
Queensway
Halesowen
B63 4AH

28 JULY 2023

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, the Directors' Report and the Group and parent Company 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 Group and parent Company and of the Group's 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 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 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 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 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 its 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 (FORMERLY UNION MIPCO LIMITED)

Opinion

We have audited the financial statements of Keys Group Limited (formerly Union Mipco Limited) (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023, which comprise the Group Profit and Loss Account, the Group and Company Balance Sheet, the Group and Company Statement of Changes in Equity, Group Statement of Changes in Cash Flows, Statement of Net Debt and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEYS GROUP LIMITED (FORMERLY UNION MIPCO LIMITED) (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent 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 the directors either intend to liquidate the group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our assessment focused on key laws and regulations the group and parent company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEYS GROUP LIMITED (FORMERLY UNION MIPCO LIMITED) (continued)

We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement, including fraud and non-compliance with laws and regulations included, but was not limited to, the following:

- we obtained an understanding of the legal and regulatory framework applicable to the entity and how the entity complied with that framework, including a review of legal and professional nominal codes and board minutes in the year and post year end;
- we made enquiries of management as to where they considered there was susceptibility to fraud and their knowledge of actual, suspected and alleged fraud;
- we obtained an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and by performing walkthroughs;
- we obtained an understanding of the entity's risk assessment process, including the risk of fraud;
- we designed out audit procedures to respond to our risk assessment; and
- we performed audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

In response to the risk of irregularities in relation to non-compliance with laws and regulations, we designed procedures which included but were not limited to:

- we agreed Financial Statement disclosures to underlying supporting documentation;
- we read the minutes of meetings of those charged with governance;
- we enquired of management as to actual and potential litigation and claims; and
- we reviewed correspondence with relevant and associated parties.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

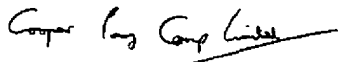
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEYS GROUP LIMITED (FORMERLY UNION MIPCO LIMITED) (continued)

Use of our report

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.



Holly Green (Senior Statutory Auditor)

for and on behalf of
Cooper Parry Group Limited

Statutory Auditor

Cubo Birmingham
Office 401
4th Floor
Two Chamberlain Square
Birmingham
B3 3AX
Date: 28 JULY 2023

Group Profit and Loss Account for the year ended 31 March 2023

	Notes	Year ended 31 March 2023 Continuing operations £'000	Year ended 31 March 2023 Discontinued operations (note 9) £'000	Year ended 31 March 2023 Total £'000	Year ended 31 March 2022 Continuing operations £'000	Year ended 31 March 2022 Discontinued operations (note 9) £'000	Year ended 31 March 2022 Total £'000
Turnover	3	243,359	3,487	246,846	222,036	11,912	233,948
Cost of sales		(185,287)	(4,278)	(189,565)	(158,211)	(9,560)	(167,771)
Gross profit / (loss)		58,072	(791)	57,281	63,825	2,352	66,177
Administrative expenses before exceptional items		(53,088)	(1,608)	(54,696)	(44,223)	(2,089)	(46,312)
Operating profit / (loss) before exceptional items		4,984	(2,399)	2,585	19,602	263	19,865
Analysed between:							
Earnings before interest, tax, depreciation and amortisation		39,832	(2,234)	37,598	50,134	570	50,704
Depreciation	13	(8,736)	(165)	(8,901)	(7,010)	(307)	(7,317)
Amortisation	12	(26,112)	-	(26,112)	(23,522)	-	(23,522)
Exceptional costs	4	(8,939)	(1,122)	(10,061)	(6,778)	(6,112)	(12,890)
(Loss) / profit on disposal		(508)	(542)	(1,050)	97	-	97
Operating profit / (loss)	5	(4,463)	(4,063)	(8,526)	12,921	(5,849)	7,072
Net interest expense	10	(57,392)	-	(57,392)	(16,330)	-	(16,330)
Loss before taxation		(61,855)	(4,063)	(65,918)	(3,409)	(5,849)	(9,258)
Taxation on loss	11	4,215	-	4,215	(8,355)	-	(8,355)
Loss for the financial year		(57,640)	(4,063)	(61,703)	(11,764)	(5,849)	(17,613)

The group had no Other Comprehensive Income in the current or prior year.

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

Group Balance Sheet

At 31 March 2023

	Note	31 March 2023 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2022 £'000
Fixed assets					
Intangible fixed assets and goodwill	12		124,707		129,520
Tangible fixed assets	13		126,057		112,814
			<u>250,764</u>		<u>242,334</u>
Current assets					
Debtors: amounts falling due within one year	15	50,341		41,370	
Cash at bank and in hand		20,782		28,893	
		<u>71,123</u>		<u>70,263</u>	
Creditors: amounts falling due within one year	16	(53,763)		(51,477)	
Net current assets			<u>17,360</u>		<u>18,786</u>
Total assets less current liabilities			<u>268,124</u>		<u>261,120</u>
Creditors: amounts falling due after more than one year	17		(709,385)		(285,885)
Provisions for liabilities	19		(17,025)		(17,011)
Net liabilities			<u>(458,286)</u>		<u>(41,776)</u>
Capital and reserves					
Called up share capital	23		379		380
Share premium	23		3,618		3,627
Merger reserve	23		(224,596)		130,201
Profit and loss account	23		(237,687)		(175,984)
Shareholders' deficit			<u>(458,286)</u>		<u>(41,776)</u>

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

These financial statements were approved by the board of directors on 28 July 2023 and were signed on its behalf by:



Colin Anderton
Director

Company registered number: 14101282

Company Balance Sheet at 31 March 2023

	Note	31 March 2023 £'000	31 March 2023 £'000
Fixed assets			
Investments	14		2,608
Current assets			
Debtors: amounts falling due within one year	15	355,979	
		<u>355,979</u>	
Creditors: amounts falling due within one year	16	(10)	
		<u></u>	
Net current assets			355,969
Total assets less current liabilities			<u>358,577</u>
Creditors: amounts falling due after more than one year	17		(385,695)
			<u></u>
Net liabilities			<u>(27,118)</u>
Capital and reserves			
Called up share capital	23		379
Share premium	23		3,618
Profit and loss account	23		(31,115)
			<u></u>
Shareholders' deficit			<u>(27,118)</u>

The company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The company's loss after taxation for the year amounted to £31,115,000.

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

These financial statements were approved by the board of directors on 28 July 2023 and were signed on its behalf by:



Colin Anderton
Director

Company registered number: 14101282

Group Statement of Changes in Equity for the year ended 31 March 2023

	Share capital £'000	Share premium £'000	Merger Reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2021	380	3,627	129,425	(158,371)	(24,939)
Year ended 31 March 2022:					
Loss for the year	-	-	-	(17,613)	(17,613)
Total comprehensive loss for the year	-	-	-	(17,613)	(17,613)
Merger accounting adjustment	-	-	776	-	776
Total contributions by and distributions to owners	-	-	776	-	776
Balance at 31 March 2022	380	3,627	130,201	(175,984)	(41,776)
	Share capital £'000	Share premium £'000	Merger Reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2022	380	3,627	130,201	(175,984)	(41,776)
Year ended 31 March 2023:					
Loss for the year	-	-	-	(61,703)	(61,703)
Total comprehensive loss for the year	-	-	-	(61,703)	(61,703)
Buy-back of shares	(1)	(9)	10	-	-
Merger accounting adjustment	-	-	(354,807)	-	(354,807)
Total contributions by and distributions to owners	(1)	(9)	(354,797)	-	(354,807)
Balance at 31 March 2023	379	3,618	(224,596)	(237,687)	(458,286)

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

Company Statement of Changes in Equity for the year ended 31 March 2023

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
On incorporation	-	-	-	-
Year ended 31 March 2023:				
Loss for the year	-	-	(31,115)	(31,115)
Total comprehensive loss for the year	-	-	(31,115)	(31,115)
Transactions with owners, recorded directly in equity				
Issue of shares	380	3,627	-	4,007
Buy-back of shares	(1)	(9)	-	(10)
Total contributions by and distributions to owners	379	3,618	-	3,997
Balance at 31 March 2023	379	3,618	(31,115)	(27,118)

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

Group Statement of Cash Flows

for the period ended 31 March 2023

	Year ended 31 March 2023 £'000	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000	Year ended 31 March 2022 £'000
Loss for the year after tax		(61,703)		(17,613)
<i>Adjustments for:</i>				
Taxation (credited) / charged		(4,215)		8,355
Finance costs		57,392		16,330
(Loss) / profit on disposal of tangible fixed assets		1,050		(97)
Impairment of fixed assets		-		6,112
Amortisation of goodwill		26,112		23,522
Depreciation of tangible fixed assets		8,901		7,317
Increase / (decrease) in provisions		461		(10)
Movements in working capital:				
Increase in debtors		(9,329)		(4,948)
Decrease / (increase) in creditors		2,632		(349)
		<u>21,301</u>		<u>38,619</u>
Interest paid		(19,582)		(16,295)
Income taxes paid		(2,816)		(5,394)
Net cash from operating activities		<u>(1,097)</u>		<u>16,930</u>
Investing activities				
Purchase of businesses	(22,872)		(16,920)	
Cash acquired with subsidiaries	906		2,641	
Purchase of tangible fixed assets	(19,060)		(18,663)	
Proceeds on disposal of tangible fixed assets	228		468	
Net cash used in investing activities		<u>(40,798)</u>		<u>(32,474)</u>
Financing activities				
Proceeds from new loans	292,500		14,763	
Repayment of loans	(258,655)		(732)	
Payment of finance lease obligations	(61)		(97)	
Net cash from financing activities		<u>33,784</u>		<u>13,934</u>
Net decrease in cash and cash equivalents		<u>(8,111)</u>		<u>(1,610)</u>
Cash and cash equivalents at beginning of year		28,893		30,503
Cash and cash equivalents at end of year		<u><u>20,782</u></u>		<u><u>28,893</u></u>

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

Notes

(forming part of the financial statements)

1 Accounting policies

Company information

Keys Group Limited (formerly Union Mipco Limited) is a private company limited by shares, domiciled and incorporated in England and Wales. The registered office is Maybrook House, Second Floor, Queensway, Halesowen, B63 4AH. The principal activity of the Company is stated in the strategic report.

The group consists of the Company and its subsidiaries listed in note 14.

1.1 Accounting convention

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 financial statements are for the year ended 31 March 2023 (2022: year ended 31 March 2022). 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 unless otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies (see note 2).

The financial statements have been prepared on the historic cost convention modified to include derivatives at fair value.

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 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 loss for the year was £31,115,000.

The following policies have been applied consistently.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Keys Group Limited (formerly Union Mipco 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). The group came into being in July 2022 when the Keys Group, headed by Keys Mipco Limited, and the Accomplish Group, headed by Accomplish Mipco Limited previously separately owned by G Square Capital (GP) CV LLP were brought together via a share for share exchange in the newly formed Keys Group Limited (formerly known as Union Mipco Limited). The results of the group have been combined using merger accounting in accordance with paragraphs 19.29 to 19.33 of FRS 102. The group reconstruction meets the requirements of merger accounting in accordance with paragraph 19.27 of FRS 102.

Therefore, although the group reconstruction did not become effective until 1 July 2022, the consolidated financial statements of Keys Group Limited are presented as if they and the group undertakings had always been part of the same group. Accordingly, the results of the group undertakings for the entire year ended 31 March 2023 are shown in the consolidated profit and loss account and balance sheet and the comparative figures for the year ended 31 March 2022 have been presented on a similar basis.

All financial statements are made up to 31 March 2023. 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.

Notes (continued)

1 Accounting policies (continued)

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.

1.3 Going concern

Notwithstanding net liabilities of £458.3 million as at 31 March 2023 and a loss for the year then ended of £61.7 million the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the reasons set out below.

On 1 July 2022, the Accomplish group, a group of companies headed by Accomplish Mipco Limited, merged with the Keys group, a group of companies headed by the company previously known as Keys Group Limited (now renamed Keys Accomplish Group Limited). The Keys group provides residential, educational and transitional support ("leaving care") services to young people typically aged between eight and eighteen. The Keys group supports people who have emotional and behavioural difficulties, physical disabilities, learning disabilities and special educational needs. The Accomplish Group provides support to vulnerable adults with mental health needs, acquired brain injuries, learning disabilities or autism. The Accomplish group's primary strategy is to focus on these core areas of specialism in Residential and Supported Living services across England and Wales.

The Accomplish and Keys groups were both owned by G Square Capital (GP) CV LLP at the point of the restructure and continue to be after that date with the ultimate controlling party for both being G Square Capital (GP) CV LLP. Both now have a new ultimate parent company of Keys Group Limited (formerly Union Mipco Limited), and are now known together as the "group".

As a result of this merger the existing banking facilities were replaced with a combined facility for the 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, a revolving credit facility of £15m expiring on 1 January 2029 and £386m of £12% preference shares redeemable in June 2032 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.

Consequently, the directors are confident that the Group 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.

1.4 Turnover

Turnover represents amounts receivable for residential, educational and transitional support ("leaving care") services to young people and adults, net of VAT. Revenue for the year is recognised when the services are provided and deferred income relates to fees that are invoiced in advance whilst revenue billed in arrears is included in accrued income.

1.5 Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less amounts provided for impairment. Where merger relief is applicable, the cost of investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Notes (continued)

1 Accounting policies (continued)

1.6 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:

Buildings	2% straight line
Leasehold improvements	5% straight line or over the life of the lease
Fixtures, fittings, tools & equipment	10% - 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.

1.7 Impairment of fixed assets

At each reporting end date, the group reviews the carrying amounts of its tangible fixed 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.

The 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)

1.8 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 of the cash flow statement.

1.9 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 the profit or loss account.

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 the profit or loss account.

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)

1.9 Basic financial instruments (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.

1.10 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.

1.11 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.

1.12 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)

1.13 Business combinations

Other than the accounting for the merger of the Keys Group with the Accomplish Group which was accounted for using the merger method of accounting as explained in note 1.2, 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
- the 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.

1.14 Intangible assets

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.

Customer relations and brand name

Prior to 1 March 2018, the cost of intangible assets acquired in a business combination were capitalised separately from goodwill if the fair value could be measured reliably at the acquisition date. Subsequent to the Triennial Review of FRS 102 (December 2018), the recognition of identifiable intangible assets is no longer required, unless these are deemed separable or contractual. For business combinations during the year ended 31 March 2018 and thereafter, the difference between the fair value of net assets acquired and the purchase price is recognised as goodwill.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses

The Group and Company recognises intangible assets separately from goodwill if the intangible asset meets all of the follow criteria:

- meets the recognition criteria per FRS 102.18.4; and
- is separable; and
- arises from contractual or other legal rights.

Notes (continued)

1 Accounting policies (continued)

1.14 Intangible assets (continued)

Amortisation

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful lives of the intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- customer relationships 3 – 7 years
- brand name 1 – 3 years
- goodwill 10 years

Impairment of goodwill

The determination of whether goodwill and other 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.

1.15 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.

Notes (continued)

1 Accounting policies (continued)

1.16 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 the profit or loss account in the period it arises.

1.17 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.

1.18 Retirement benefits

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

1.19 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.

1.20 Exceptional costs

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 nature, and are considered non-recurring.

1.21 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instruments.

1.22 Share capital

Ordinary shares are classified as equity.

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

Merger accounting

The results of the group have been combined using merger accounting. This is discussed further in note 1.

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 in note 1.

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 2023 the Group has recognised provisions of £947,000 on leased properties for a number of dilapidations, and £210,000 for closures of services. 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.

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 acquired is recognised on the balance sheet as goodwill.

Notes (continued)

2 Judgements and key sources of estimation uncertainty (continued)

Carrying value of goodwill

At 31 March 2023 the Group is carrying goodwill of £124,266k (2022: £128,784k). 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 12 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.

Recognition and subsequent measurement of trade debtors.

Trade receivables without a significant financing component are initially measured at the transaction price which is their fair value.

When determining the bad debt provision, the Group makes an estimate of the recoverable value of trade debtors. When assessing the impairment of trade debtors, management considers factors including the ageing profile of debtors, likelihood of default and the historical experience with the funders of the services provided.

3 Turnover

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

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Turnover in continuing operations		
Residential services	155,425	161,375
Education	30,777	21,685
Independent living and activity	57,157	37,323
Other	-	1,653
	243,359	222,036
Turnover in discontinued operations		
Therapeutic services	3,487	11,912
	246,846	233,948

All turnover arose within the United Kingdom.

Notes (continued)

4 Exceptional 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 2023 £'000	Year ended 31 March 2022 £'000
Restructuring costs	8,686	3,151
Impairment of fixed assets	-	6,112
Acquisition restructuring	-	748
Provision related items (note 19)	565	-
Agency costs	604	2,879
Rent	206	-
	<u>10,061</u>	<u>12,890</u>

Restructuring costs predominantly relate to the merger of the two groups, refinancing of the Group's loan facilities and restructuring of share capital.

The impairment charge relates to the reduction in the carrying value of the Lakeside property, resulting from a change in valuation basis from value in use to realisable value, after a strategic decision was taken in March 2022 to close this service.

The acquisition restructuring balances relate to the revenues and costs associated with acquired services that required significant restructuring shortly after acquisition.

The costs relating to the dilapidations provision and 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.

Agency costs relate to additional costs incurred as a result of the government mandated coronavirus vaccination as a condition of deployment for the delivery of CQC regulated activities in adult social care settings from 11 November 2021, withdrawn on 15 March 2022, along with additional cover for covid related absence.

Rental costs have been classified as exceptional to the extent that they relate to a large increase in backdated rent.

5 Operating profit / (loss)

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
<i>Operating profit / (loss) is stated after charging / (crediting):</i>		
Depreciation of tangible fixed assets (note 13):		
Owned assets	8,831	7,186
Leased assets	70	131
Amortisation (note 12)	26,112	23,522
Loss / (profit) on disposal of tangible fixed assets	1,050	(97)
	<u> </u>	<u> </u>

Notes (continued)

6 Auditor's remuneration

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Fees payable to the company's auditor:		
For audit services		
Audit of the financial statements of the group and company	100	62
Audit of the company's subsidiaries	235	392
For non-audit services		
Tax compliance services	-	150
Other services	10	62
	<u>345</u>	<u>666</u>

7 Employees

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

	2023 Number	2022 Number
Teacher, care and support, management and administrative staff at home level	4,464	4,684
Administrative staff at head office level	870	447
	<u>5,334</u>	<u>5,131</u>

Their aggregate remuneration comprised:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Wages and salaries	119,867	119,781
Social security costs	11,207	11,207
Costs of defined contribution pension scheme	2,695	2,695
	<u>133,769</u>	<u>133,683</u>

The company had no employees in the current or prior year.

Notes (continued)

8 Directors' remuneration

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Directors' remuneration	943	1,338
Company contributions to defined contribution pension plans	31	29
	974	1,367

The aggregate remuneration of the highest paid director was £365,225 (2022: £312,500) and company pension contributions of £21,743 (2022: £16,250) were made to a defined contribution pension scheme on their behalf. Pension contributions are being made for two directors (2022: one). The group do not consider there to be any key management personnel other than the directors included above.

9 Discontinued operations

As part of the group's strategy to concentrate on its core Residential and Supported Living service offerings, the group made the decision to close Lakeside, its large Therapeutic Care service, in March 2022.

10 Net interest expense

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Interest payable		
Preference share interest	31,346	-
Bank loan interest	25,215	17,042
Amortisation of arrangement fees	2,875	1,855
	59,436	18,897
Interest receivable		
Interest received on interest rate cap	(1,838)	-
Revaluation of interest rate cap	(206)	(2,567)
Net interest expense	57,392	16,330

Notes (continued)

11 Taxation

Total tax expense recognised in the group profit and loss account

	Year ended 31 March 2023 £'000	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000	Year ended 31 March 2022 £'000
Current tax				
Current tax on income for the year		-		4,370
Prior year adjustment		(2,621)		168
Total current tax charge		(2,621)		4,538
Deferred tax (see notes 19 & 20)				
Origination and reversal of timing differences	(1,260)		115	
Effect of changes in tax rate on opening liability			3,837	
Prior year adjustment	(334)		(135)	
Total deferred tax		(1,594)		3,817
Total tax on profit/(loss)		(4,215)		8,355

Reconciliation of effective tax rate

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Loss for the year	(61,703)	(17,613)
Loss before taxation	(65,918)	(9,258)
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2022: 19%)	12,524	1,759
Tax effect of expenses that are not deductible in determining taxable profit	(11,288)	(6,277)
Effect of change in tax rate on deferred tax balances	-	(993)
Effect of difference between current and deferred tax rates	-	(2,874)
Utilisation of unrecognised tax losses	23	63
Deferred tax prior year adjustment	335	135
Corporation tax prior year adjustment	2,621	(168)
Total tax credit / (charge) included in profit and loss	4,215	(8,355)

Factors that may affect future 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. The deferred tax asset and liabilities at 31 March 2023 have been calculated at 25%.

Notes (continued)

12 Intangible assets

	Customer relationships £'000	Software £'000	Goodwill £'000	Total £'000
Group				
<i>Cost</i>				
At 1 April 2022	26,879	177	236,231	263,287
Acquisitions	-	49	21,250	21,299
At 31 March 2023	26,879	226	257,481	284,586
<i>Amortisation</i>				
At 1 April 2022	26,318	2	107,447	133,767
Charge for the year	279	65	25,768	26,112
At 31 March 2023	26,597	67	133,215	159,879
<i>Net book value</i>				
At 31 March 2023	282	159	124,266	124,707
<i>Net book value</i>				
At 31 March 2022	561	175	128,784	129,520

Goodwill arises as a result of the acquisition of a number of companies. Details of the acquisitions are shown in note 21.

The company had no intangible assets (2022: £nil).

Notes (continued)

13 Tangible fixed assets

	Freehold property	Leasehold improvements	Fixtures, fittings, tools and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Group					
<i>Cost</i>					
At 1 April 2022	106,340	4,005	41,628	4,763	156,736
Acquisitions	4,109	87	588	40	4,824
Additions	6,414	874	10,795	977	19,060
Transfers	(1,348)	160	1,188	-	-
Disposals	(303)	(60)	(5,832)	(572)	(6,767)
At 31 March 2023	115,212	5,066	48,367	5,208	173,853
<i>Depreciation</i>					
At 1 April 2022	22,310	1,430	17,832	2,350	43,922
Acquisitions	-	24	429	9	462
Charge for year	1,886	207	5,754	1,054	8,901
Transfers	(450)	54	396	-	-
On disposals	(94)	(66)	(4,847)	(482)	(5,489)
At 31 March 2023	23,652	1,649	19,564	2,931	47,796
<i>Net book value</i>					
At 31 March 2023	91,560	3,417	28,803	2,277	126,057
<i>Net book value</i>					
At 31 March 2022	84,030	2,575	23,796	2,413	112,814

The company had no tangible fixed assets at 31 March 2023.

Motor vehicles with a carrying value of £307,000 (2022: £83,000) are held under finance leases.

The transfers detailed above relate to the reclassifications of assets within tangible fixed assets.

Notes (continued)

14 Fixed asset investments

Company	Loan notes in group undertaking £'000	Shares in group undertaking £'000	Total £'000
Cost and net book value			
At 1 April 2022	-	-	-
Additions	2,608	-	2,608
At 31 March 2023	2,608	-	2,608

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

Subsidiaries of the company purchased the share capital of Considerate Care Limited on 25th April 2022, on 2 September 2022, acquired the entire share capital of Haven Street Holdings Limited and its subsidiaries Recovery Care Limited, Church Valley Homes Limited and Positive Circle Limited, and the share capital of Sutura Group Limited and its subsidiary, The Ryes College Limited, were purchased on 7th December 2022.

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

Company	Company registration number	Nature of business	Country of registration or incorporation	Class	% of shares held and voting rights
Union Midco Limited	14101394	Holding company	England and Wales*	Ordinary	100
Union Bidco Limited	14101497	Holding company	England and Wales*	Ordinary	100
Kite Holding Limited^	139916	Holding company	Jersey***	Ordinary	100
Ace Quality Holding Limited^	139915	Holding company	Jersey***	Ordinary	100
Keys Mipco Limited	13832499	Holding company	England and Wales*	Ordinary	100
Keys Acquico Limited	13832741	Holding company	England and Wales*	Ordinary	100
Keys Accomplish Group Limited (formerly Keys Group Limited) ^	10625350	Holding company	England and Wales*	Ordinary	100
Keys Midco Limited ^	10627189	Holding company	England and Wales*	Ordinary	100
Keys Bidco Limited	10629989	Holding company	England and Wales*	Ordinary	100
Keys Group Holdings Limited ^	13153742	Holding company	England and Wales*	Ordinary	100
Keys Care Limited	N1053253	Care provider	Northern Ireland**	Ordinary	100
Keys Child Care Limited^	02928849	Care provider	England and Wales*	Ordinary	100
Keys Stepping Stones Limited ^	03749791	Care provider	England and Wales*	Ordinary	100
Keys Active 8 Care Limited ^	05107898	Care provider	England and Wales*	Ordinary	100
Keys Educational Services Limited ^	03768095	Care provider	England and Wales*	Ordinary	100
Keys BR Limited^	03815473	Care provider	England and Wales*	Ordinary	100
Keys NHCC Limited^	03175741	Care provider	England and Wales*	Ordinary	100
Keys QTC Limited ^	03363263	Care provider	England and Wales*	Ordinary	100
Keys Family Assessment Centre Limited ^	04799067	Provision of residential assessment facilities	England and Wales*	Ordinary	100
Keys 16 Plus Independent Living Services Limited^	05456120	Dormant	England and Wales*	Ordinary	100

Notes (continued)

14 Fixed asset investments (continued)

Keys 7KS Limited^	NI608728	Care provider	Northern Ireland**	Ordinary	100
Keys Child Care (Holdings) Limited	04289873	Holding company	England and Wales*	Ordinary	100
Keys NHG Limited ^	04600490	Holding company	England and Wales*	Ordinary	100
Keys Young People Limited^	02927657	Care provider	England and Wales*	Ordinary	100
Keys Education & Care Limited^	NI605620	Holding company	Northern Ireland**	Ordinary	100
Keys Education Limited^	02134774	Care provider	England and Wales*	Ordinary	100
Promoting Positive Lives Limited^	04084329	Dormant	England and Wales*	Ordinary	100
Keys PCE Limited	10660100	Contracting company	England and Wales*	Ordinary	100
Keys Group PCE (Holdings) Limited^	08991221	Holding company	England and Wales*	Ordinary	100
Keys Group PCE Realty Limited ^	05930808	Rental of property to other group companies	England and Wales*	Ordinary	100
Keys Group Progressive Care & Education Limited ^	03849567	Care provider	England and Wales*	Ordinary	100
Keys Group Progressive Education Limited ^	04949254	Care provider	England and Wales*	Ordinary	100
Keys Group PCE Community Support Services Limited^	04944634	Rental of property to other group companies	England and Wales*	Ordinary	100
Keys Supported Accommodation Limited (formerly The Leaving Care Company Limited)	05715139	Provision of accommodation and support care for young people	England and Wales*	Ordinary	100
Keys Specialist Residential Children's Services Limited^	06318774	Care provider	England and Wales*	Ordinary	100
Keys CWCH Limited ^	06306982	Holding company	England and Wales*	Ordinary	100
Keys CWC Limited ^	04535099	Care provider	England and Wales*	Ordinary	100
Keys KIN Limited ^	09615208	Care provider	England and Wales*	Ordinary	100
Keys ACE Limited ^	05556312	Care provider	England and Wales*	Ordinary	100
Keys Care Solutions Limited ^	04675584	Rental of property to other group companies	England and Wales*	Ordinary	100
Keys Direct Care Limited ^	04038630	Care provider	England and Wales*	Ordinary	100
Build-A-Future Ltd^	04521396	Care provider	England and Wales*	Ordinary	100
Artemis Young Person's Care and Education Services Limited^	10515549	Holding company	England and Wales*	Ordinary	100
Unique Care Homes Support Limited^	07399604	Care provider	England and Wales*	Ordinary	100
South West Childcare Services Ltd^	09045817	Care provider	England and Wales*	Ordinary	100
Keys Group Properties Limited	11057857	Rental of property to other group companies	England and Wales*	Ordinary	100
Southern Adolescent Care Services Limited^	07093561	Care provider	England and Wales*	Ordinary	100
Peak Activity Holdings Limited^	11000904	Holding company	England and Wales*	Ordinary	100
Peak Activity Services Limited^	06824664	Provision of education to children and activity services	England and Wales*	Ordinary	100
Considerate Care Limited^	04890562	Care provider	England and Wales*	Ordinary	100
Sutura Group Limited^	10942811	Rental of property to other group companies	England and Wales*	Ordinary	100
The Ryes College Limited^	07571638	Care provider	England and Wales*	Ordinary	100

14 Fixed asset investments (continued)

Accomplish Mipco Limited^	13832497	Holding company	England and Wales*	Ordinary	100
Accomplish Acquico Limited	13832783	Holding company	England and Wales*	Ordinary	100
Accomplish Group Holdco Limited^	09052167	Holding company	England and Wales*	Ordinary	100
Accomplish Group Interco Limited^	09052320	Holding company	England and Wales*	Ordinary	100
Accomplish Group Midco Limited^	09052762	Holding company	England and Wales*	Ordinary	100
Accomplish Group Bidco Limited	09052879	Holding company	England and Wales*	Ordinary	100
Accomplish Group Property Limited	05003339	Holding company	England and Wales*	Ordinary	100
Accomplish Group Limited	02147328	Care provider	England and Wales*	Ordinary	100
Tracscare 2005 Limited^	05301437	Dormant	England and Wales*	Ordinary	100
Tracscare 2006 Group Limited^	05694147	Dormant	England and Wales*	Ordinary	100
Tracscare 2006 Holdings Limited^	05552877	Dormant	England and Wales*	Ordinary	100
Tracscare 2006 Limited^	05458148	Dormant	England and Wales*	Ordinary	100
Tracscare 2007 Holdings Limited^	06369226	Dormant	England and Wales*	Ordinary	100
Tracscare 2007 Limited^	04249850	Dormant	England and Wales*	Ordinary	100
Cascade Care Group Limited^	05775330	Dormant	England and Wales*	Ordinary	100
Cascade Care Holdings Limited^	05775347	Dormant	England and Wales*	Ordinary	100
Cascade Care Limited^	05654058	Dormant	England and Wales*	Ordinary	100
Milton Park Holdings Limited	99608	Holding company	Channel Islands****	Ordinary	100
Accomplish Group Employee Limited^	09672949	Care provider	England and Wales*	Ordinary	100
Moville Holdings Limited^	100426	Holding company	Channel Islands****	Ordinary	100
Signia Estates Limited^	06145024	Dormant	England and Wales*	Ordinary	100
Kemble Holdings Limited^	100383	Holding company	Channel Islands****	Ordinary	100
Accomplish Group Support Limited^	02187883	Care provider	England and Wales*	Ordinary	100
Milton Care Partnership^	n/a - Partnership	Care provider	England and Wales*	Ordinary	100
Kemble Care Partnership^	n/a - Partnership	Care provider	England and Wales*	Ordinary	100
Brookdale Care Partnership^	n/a - Partnership	Care provider	England and Wales*	Ordinary	100
Accomplish Group Care Limited^	05981029	Care provider	England and Wales*	Ordinary	100
Accomplish Group Residential Care Limited^	06444254	Care provider	England and Wales*	Ordinary	100
Accomplish Group Specialist Care Limited^	07517369	Care provider	England and Wales*	Ordinary	100
Accomplish Group Lifestyles Ltd^	04949085	Care provider	England and Wales*	Ordinary	100
Accomplish Group (Eilat) Limited^	10260099	Care provider	England and Wales*	Ordinary	100
Accomplish Group Lifestyles (South West) Limited^	05948111	Care provider	England and Wales*	Ordinary	100
Accomplish Group Cymru Lifestyles South Limited^	06161800	Care provider	England and Wales*	Ordinary	100
Your Lifestyle Group Limited^	10133639	Holding company	England and Wales*	Ordinary	100
Construction Alliance Recruitment Limited^	05639603	Care provider	England and Wales*	Ordinary	100
Your Lifestyle Nationwide Limited^	10146259	Care provider	England and Wales*	Ordinary	100
Freedom Care Limited^	04404828	Care provider	England and Wales*	Ordinary	100
Accomplish Group Contract Management Limited^	04908844	Contracting company	England and Wales*	Ordinary	100
Westhope Investments Limited^	07246091	Holding company	England and Wales*	Ordinary	100
Westhope Care Limited^	05680915	Care provider	England and Wales*	Ordinary	100
Westhope Limited^	05114009	Care provider	England and Wales*	Ordinary	100
Malvern View (Lydiat) Limited^	04579414	Care provider	England and Wales*	Ordinary	100
Lyndale (Hereford) Limited^	04582959	Care provider	England and Wales*	Ordinary	100
The Old Posting Office (Haughton) Limited^	04813788	Care provider	England and Wales*	Ordinary	100
Blackwells (Hereford) Limited^	04954523	Care provider	England and Wales*	Ordinary	100
Chepstow House (Ross) Limited^	04584013	Care provider	England and Wales*	Ordinary	100
Homestyle Care Limited^	07041636	Care provider	England and Wales*	Ordinary	100
Transparent Care Limited^	10071901	Care provider	England and Wales*	Ordinary	100
Monpekson Care Limited^	3313742	Care provider	England and Wales*	Ordinary	100
Haven Street Holdings Limited^	10659297	Holding company	England and Wales*	Ordinary	100
Positive Circle Limited^	10666131	Holding company	England and Wales*	Ordinary	100
Recovery Care Limited^	8194218	Care provider	England and Wales*	Ordinary	100
Church Valley Homes Limited^	N1620214	Holding company	Northern Ireland**	Ordinary	100

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

*** Registered office : Aztec Group House, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH.

**** Registered office : 26 New Street, St Helier, Jersey JE3 3RA

^ These companies have an exemption from audit by parent guarantee

Notes (continued)

15 Debtors

	Group 31 March 2023 £'000	Company 31 March 2023 £'000	Group 31 March 2022 £'000	Company 31 March 2022 £'000
Amounts falling due within one year:				
Trade debtors	27,531	-	25,508	-
Amounts due from subsidiary undertakings	-	355,979	-	-
Other debtors	5,682	-	6,214	-
Prepayments and accrued income	11,859	-	6,278	-
Fair value changes on interest rate cap derivatives	5,269	-	3,370	-
	<u>50,341</u>	<u>355,979</u>	<u>41,370</u>	<u>-</u>

Amounts due from subsidiary undertakings are unsecured, interest free, carry no fixed terms of repayment and are repayable on demand. Trade debtors are stated after provisions for impairment of £3,765,000 (2022: £3,553,000).

16 Creditors: amounts falling due within one year

	Group 31 March 2023 £'000	Company 31 March 2023 £'000	Group 31 March 2022 £'000	Company 31 March 2022 £'000
Trade creditors	2,919	-	9,536	-
Taxation and social security	11,569	-	12,014	-
Other creditors	8,912	-	5,102	-
Accruals and deferred income	25,252	-	15,686	-
VAT	4,019	-	3,159	-
Obligations under finance leases	97	-	55	-
Corporation tax	995	-	5,925	-
Amounts owed to subsidiary undertakings	-	10	-	-
	<u>53,763</u>	<u>10</u>	<u>51,477</u>	<u>-</u>

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

Notes (continued)

17 Creditors: amounts falling due after more than one year

	Group 31 March 2023 £'000	Company 31 March 2023 £'000	Group 31 March 2022 £'000	Company 31 March 2022 £'000
Bank loans	291,726	-	255,005	-
Preference shares treated as debt	385,695	385,695	-	-
Obligations under finance leases	31,964	-	30,880	-
	<u>709,385</u>	<u>385,695</u>	<u>285,885</u>	<u>-</u>

18 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 2023 £'000	Company 31 March 2023 £'000	Group 31 March 2022 £'000	Company 31 March 2022 £'000
Creditors falling due after more than one year				
Bank loans	291,726	-	255,005	-
Preference shares treated as debt	385,695	385,695	-	-
Finance lease liabilities	31,964	-	30,880	-
	<u>709,385</u>	<u>385,695</u>	<u>285,885</u>	<u>-</u>
Creditors falling due within one year				
Finance lease liabilities	97	-	55	-
	<u>709,482</u>	<u>385,695</u>	<u>285,940</u>	<u>-</u>

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 dates scheduled below.

Notes (continued)

18 Interest-bearing loans and borrowing (continued)

Terms and debt repayment schedule

	Currency	Nominal	interest rate	Year of maturity	Repayment schedule	2023
						£'000
Group						
Structured term loan	GBP	SONIA+5.5%		2029	On termination	286,726
Rolling credit facility	GBP	SONIA+ 5.5%		2029	On termination	5,000
Preference shares	GBP	12%		2032	On termination	385,695
Finance lease liability	GBP	-		-	Monthly	32,061
						<u>709,482</u>
	Currency	Nominal	interest rate	Year of maturity	Repayment schedule	2023
						£'000
Company						
Preference shares	GBP	12%		2032	On termination	<u>385,695</u>

Terms and debt repayment schedule

	Currency	Nominal	interest rate	Year of maturity	Repayment schedule	2022
						£'000
Group						
Structured term loan	GBP	SONIA+ 0.0326%		2024	On termination	157,682
Structured term loan	GBP	LIBOR + 5.75%		2025	On termination	97,323
Finance lease liability	GBP	-		-	Monthly	30,935
						<u>285,940</u>

At 31 March 2023, the Group has £10 million undrawn credit facility, which is available until the termination date.

The Group has in place interest rate caps on £159.225 million (which caps the SONIA liability at 0.6307%) and £64 million (which caps the SONIA liability at 2.5%). These are in place until 31 March 2024. Post year end, the Group put in place further swaps which cap the rate of interest that it is charged on £223.2m of the drawn debt until 31 March 2026.

The Group holds £31,964,000 (2022: £30,880,000) secured ground rent lease funding with Alpha Real Capital LLC, charged at an effective interest rate of 6.4%, which includes an inflation increase of 3% per annum. The lease for the ground rent funding runs for 150 years, with an option to re-purchase. The ground rent leases enable Group companies to occupy the properties and are considered to represent, in substance, secured borrowing, in line with accounting standards.

Notes (continued)

18 Interest-bearing loans and borrowing (continued)

	31 March 2023 £'000	31 March 2022 £'000
Maturity analysis of finance leases		
Within 1 year	97	55
Between 1 and 2 years	103	-
Between 2 and 5 years	65	-
Over 5 years	31,796	30,880
	32,061	30,935
	31 March 2023 £'000	31 March 2022 £'000
Maturity analysis of loans		
Within 1 year	5,000	-
Between 2 and 5 years	-	255,005
Over 5 years	286,726	-
	291,726	255,005

Notes (continued)

19 Provisions for liabilities

	Group 31 March 2023 £'000	Company 31 March 2023 £'000	Group 31 March 2022 £'000	Company 31 March 2022 £'000
Deferred tax	15,868	-	16,316	-
Dilapidations	947	-	695	-
Closure provision	210	-	-	-
	<u>17,025</u>	<u>-</u>	<u>17,011</u>	<u>-</u>

Movements on provisions:	Deferred tax £'000	Dilapidations £'000	Closure provision £'000	Total £'000
Group				
At 1 April 2022	16,316	695	-	17,011
Amounts utilised during the year	(1,594)	(103)	-	(1,697)
Provisions made / (released) during the year (classified as exceptional)	-	355	210	565
Deferred tax on acquisitions	1,146	-	-	1,146
	<u>15,868</u>	<u>947</u>	<u>210</u>	<u>17,025</u>
At 31 March 2023				

Dilapidations provision

As part of the group's property leasing arrangements, the group has an obligation to return some properties to their original conditions. The provision is expected to be utilised between 2023 and 2025 as the leases terminate.

Closure provision

The closure provision relates to the Lakeside property which is closed and the property is for sale. The provision is expected to be utilised within 2023 on the sale of the property.

	31 March 2023 £'000	31 March 2022 £'000
Maturity analysis of provisions		
Within 1 year	1,384	824
Between 1 and 5 years	1,614	1,614
Over 5 years	14,027	14,573
	<u>17,025</u>	<u>17,011</u>

Notes (continued)

20 Deferred taxation

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

	31 March 2023 £'000	31 March 2022 £'000
Group		
Fixed assets	2,766	6,444
Business combinations	15,982	10,608
Short term timing differences	(1,241)	(731)
Losses	(1,639)	(5)
	<u>15,868</u>	<u>16,316</u>

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 in a sufficiently short timeframe.

	31 March 2023 £'000	31 March 2022 £'000
Losses	(711)	(252)
Effect of change in tax rate	-	(99)
	<u>(711)</u>	<u>(351)</u>
Total	<u>(711)</u>	<u>(351)</u>

Notes (continued)

21a Current year acquisitions

On 25 April 2022, a subsidiary of the company, Keys Group Holdings Limited acquired the entire share capital of Considerate Care Limited. Considerate Care operates two residential homes in the North West of England. The resulting goodwill of £1,116,000 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	2	-	2
Current assets			
Debtors	64	-	64
Cash	73	-	73
Total assets	<u>139</u>	<u>-</u>	<u>139</u>
Liabilities			
Creditors	(88)	-	(88)
Taxation	(25)	-	(25)
Total liabilities	<u>(113)</u>	<u>-</u>	<u>(113)</u>
Net assets	<u>26</u>	<u>-</u>	<u>26</u>
Goodwill			<u>1,116</u>
Purchase consideration and costs of acquisition			<u>1,142</u>
			<u>£'000</u>
Consideration satisfied by:			
Cash			1,131
Directly attributable costs			11
			<u>1,142</u>

For the period ended 31 March 2023 the business contributed revenue of £706,000 and a profit after tax of £14,000. The revenue and profit after tax is reported within the Group's results for the 11 month period from 25 April 2022.

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

Notes (continued)

21a Current year acquisitions

On 2 September 2022, a subsidiary of the company, Accomplish Group Bidco Limited acquired the entire share capital of Haven Street Holdings Limited and its subsidiaries Recovery Care Limited, Church Valley Homes Limited and Positive Circle Limited. These companies operate support to adults in the South of Wales. The resulting goodwill of £15,032,000 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	2,002	-	2,002
Current assets			
Debtors	773	-	773
Cash	445	-	445
Total assets	<u>3,220</u>	<u>-</u>	<u>3,220</u>
Liabilities			
Creditors	(285)	-	(285)
Taxation	(226)	(627)	(853)
Total liabilities	<u>(511)</u>	<u>(627)</u>	<u>(1,138)</u>
Net assets / (liabilities)	<u>2,709</u>	<u>(627)</u>	<u>2,082</u>
Goodwill			<u>15,032</u>
Purchase consideration and costs of acquisition			<u>17,114</u>
			£'000
Consideration satisfied by:			
Cash			16,625
Directly attributable costs			489
			<u>17,114</u>

For the period ended 31 March 2023 the business contributed revenue of £2,941,000 and a profit after tax of £985,000. The revenue and profit after tax is reported within the Group's results for the 7 month period from 2 September 2022.

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

Notes (continued)

21a Current year acquisitions

On 7 December 2022, a subsidiary of the company, Keys Group Holdings Limited acquired the entire share capital of Sutura Group Limited and The Ryes College Limited. The Ryes College Limited operates four residential homes and two schools in the East of England. The resulting goodwill of £5,102,000 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	2,358	-	2,358
Current assets			
Debtors	644	-	644
Cash	388	-	388
Total assets	<u>3,390</u>	<u>-</u>	<u>3,390</u>
Liabilities			
Creditors	(3,295)	-	(3,295)
Taxation	(20)	(561)	(581)
Total liabilities	<u>(3,315)</u>	<u>(561)</u>	<u>(3,876)</u>
Net assets / (liabilities)	<u>75</u>	<u>(561)</u>	<u>(486)</u>
Goodwill			<u>5,102</u>
Purchase consideration and costs of acquisition			<u>4,616</u>
			£'000
Consideration satisfied by:			
Cash			4,507
Directly attributable costs			109
			<u>4,616</u>

For the period ended 31 March 2023 the business contributed revenue of £1,198,000 and a profit after tax of £101,000. The revenue and profit after tax is reported within the Group's results for the 4 month period from 7 December 2022.

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

Notes (continued)

21b Prior year acquisitions

On 11 May 2021, a subsidiary of the company, Keys Group Holdings Limited acquired the entire share capital of Southern Adolescent Care Services Limited. The resulting goodwill of £2,196,000 was capitalised and will be written off over 10 years. The reason for selecting that period is that the strategic planning horizon was 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 was as follows:

	Book value	Provisional fair value adjustments	Fair value
	£'000	£'000	£'000
Fixed assets			
Tangible	597	-	597
Current assets			
Debtors	287	-	287
Cash	253	-	253
Total assets	<u>1,137</u>	<u>-</u>	<u>1,137</u>
Liabilities			
Creditors	(295)	-	(295)
Bank loan	(372)	-	(372)
Taxation	(16)	(134)	(150)
Total liabilities	<u>(683)</u>	<u>(134)</u>	<u>(817)</u>
Net assets / (liabilities)	<u>454</u>	<u>(134)</u>	<u>320</u>
Goodwill			<u>2,196</u>
Purchase consideration and costs of acquisition			<u>2,516</u>
			£'000
Consideration satisfied by:			
Cash			2,475
Directly attributable costs			41
			<u>2,516</u>

For the period ended 31 March 2022 the business contributed revenue of £1,073,000 and a profit after tax of £54,000. The revenue and profit after tax is reported within the Group's results for the 10.5 month period from 11 May 2021.

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

Notes (continued)

21b Prior year acquisitions

On 3 March 2022, a subsidiary of the company, Keys Group Holdings Limited acquired the entire share capital of Peak Activity Holdings Limited and Peak Activity Services Limited. The resulting goodwill of £13,951,000 was capitalised and will be written off over 10 years. The reason for selecting that period is that the strategic planning horizon was 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 was as follows:

	Book value	Provisional fair value adjustments	Fair value
	£'000	£'000	£'000
Fixed assets			
Tangible	548	-	548
Current assets			
Debtors	820	(145)	675
Cash	2,388	-	2,388
Total assets	<u>3,756</u>	<u>(145)</u>	<u>3,611</u>
Liabilities			
Creditors	(1,641)	(413)	(2,054)
Bank loan	(326)	-	(326)
Taxation	(459)	(16)	(475)
Total liabilities	<u>(2,426)</u>	<u>(429)</u>	<u>(2,855)</u>
Net assets / (liabilities)	<u>1,330</u>	<u>(574)</u>	<u>756</u>
Goodwill			<u>13,951</u>
Purchase consideration and costs of acquisition			<u>14,707</u>
			£'000
Consideration satisfied by:			
Cash			14,209
Accrued consideration			303
Directly attributable costs			195
			<u>14,707</u>

For the period ended 31 March 2022 the business contributed revenue of £426,000 and a profit after tax of £30,000. The revenue and profit after tax is reported within the Group's results for the 29 day period from 3 March 2022.

The adjustments to debtors and creditors are as a result of the alignment of revenue recognition policies.

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

Notes (continued)

22 Retirement benefit pension schemes

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. The amount recognised in the balance sheet is as follows:

	31 March 2023 £'000	31 March 2022 £'000
Defined contribution pension schemes	1,004	604
	<u>1,004</u>	<u>604</u>
	31 March 2023 £'000	31 March 2022 £'000
Defined contribution pension schemes		
Charge to profit and loss account in respect of defined contribution pension schemes	2,695	2,695
	<u>2,695</u>	<u>2,695</u>

Notes (continued)

23 Share capital and other reserves

Group	2023 £	2022 £
Allotted, called up and fully paid		
At incorporation :		
3,451,484 A ordinary shares of £0.1 each (2022: 3,451,484 ordinary shares of £0.1 each)	345,148	345,148
23,561 B ordinary shares of £0.1 each (2022: 23,561 ordinary shares of £0.1 each)	2,356	2,356
319,694 C ordinary shares of £0.1 each (2022: 326,189 ordinary shares of £0.1 each)	31,970	32,619
344,029,229 Preference shares	34,402,923	-
	34,782,397	380,123
Shares defined as equity	379,474	380,123
Shares defined as liability	34,402,923	-
	34,782,397	380,123

On 1 July 2022, the company issued 3,451,484 A ordinary shares for £1 per share, 23,561 B ordinary shares for £1 per share, 326,189 C ordinary shares for £1.62 per share and 344,029,229 preference shares for £1.03 per share.

On 9 January 2023, the company cancelled 6,495 C ordinary shares.

Company	2023 £
Allotted, called up and fully paid	
At incorporation :	
3,451,484 A ordinary shares of £0.1 each	345,148
23,561 B ordinary shares of £0.1 each	2,356
319,694 C ordinary shares of £0.1 each	31,970
344,029,229 Preference shares	34,402,923
	34,782,397
Shares defined as equity	379,474
Shares defined as liability	34,402,923
	34,782,397

Share rights

The ordinary shares have the right to receive notice of and to attend at any general meeting of the company, provided that on a show of hands, ordinary shares have one vote and, on a poll, and on a written resolution, each holder of an ordinary share will have one vote for each ordinary share held. The ordinary shares have full rights regarding the payment of dividends and distributions on winding up, reduction or return of capital. The ordinary shares are not redeemable.

The preference shares have the right to receive notice of and to attend at any general meeting of the company, but have limited voting rights. The preference shares accrue a dividend of 12% per annum. The preference shares are redeemable on the 10th anniversary of issue or an exit if earlier.

Notes (continued)

23 Share capital and other reserves (continued)

Share premium account

The share premium account represents, for those classes of shares treated as equity in accordance with the accounting policy, amounts received on the issue of share capital in excess of the nominal value of share capital, less any costs incurred as a result of the issue.

Profit and loss account

The profit and loss account represents the cumulative profits and losses of the Group less any distributions made to the owners of the Group.

Merger reserve

The merger reserve represents the difference on the investment in its subsidiaries and the nominal value of the share capital of its subsidiaries.

24 Operating lease commitments

At 31 March 2023, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	31 March 2023 £'000			31 March 2022 £'000		
	Land & buildings	Other assets	Total	Land & buildings	Other assets	Total
Within one year	4,203	532	4,735	3,583	503	4,086
Between two and five years	10,119	260	10,379	8,163	253	8,416
In more than five years	9,406	-	9,406	6,642	-	6,642
	<u>23,728</u>	<u>792</u>	<u>24,520</u>	<u>18,388</u>	<u>756</u>	<u>19,144</u>

During the year £8,765,000 (2022: £7,757,000) was recognised as an expense in respect of operating lease arrangements. The company has no operating lease commitments.

25 Events after the reporting date

On 26 April 2023 a subsidiary of the company, Keys Group Holdings Limited, acquired the share capital of Anew Young People Services Limited for £1.5 million.

26 Related party disclosures

The preference shares disclosed in note 18 are held by shareholders of the Company. The Group accrued interest payable on the preference shares of £31,346,000 at the year end (2022: £nil).

Other than the items disclosed above, there were no transactions with related parties in the year and no amounts were due to or from related parties at the end of the year.

27 Contingent liabilities

Bank loans due in more than five years of £298,960,000 are secured by way of a fixed and floating charge against the assets of the group.

28 Ultimate parent company and parent company of larger group

There is no immediate parent company, and the ultimate controlling party is G Square Capital (GP) CV LLP.

Notes (continued)

29 Analysis of changes in net debt

	At 1 Apr 2022	Cash flows	Acquired	New finance leases	Non-cash changes	At 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	28,893	(9,017)	906	-	-	20,782
Bank loans	(255,005)	-	-	-	(36,721)	(291,726)
Preference shares	-	-	(385,695)	-	-	(385,695)
Finance leases	(30,935)	61	-	(267)	(920)	(32,061)
Derivative financial instruments	3,370	145	-	-	1,754	5,269
	<u>(253,677)</u>	<u>(8,811)</u>	<u>(384,789)</u>	<u>(267)</u>	<u>(35,887)</u>	<u>(683,431)</u>