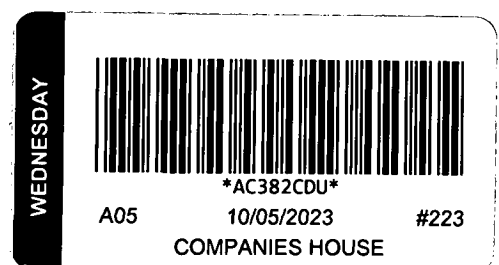


Registration number: 04878290

KEY2 FUTURES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022



KEY2 FUTURES LIMITED

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KEY2 FUTURES LIMITED

COMPANY INFORMATION

Directors	A Cunningham
	A Haveron
	A M McMahon
Registered office	Venture House 12 Prospect Park Longford Road Cannock Staffordshire WS11 0LG
Auditors	RSM UK Auditor LLP Chartered Accountants Suite A, 7th Floor East West Building 2 Tollhouse Hill Nottingham NG1 5FS

KEY2 FUTURES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2022

The directors present their strategic report for the year ended 31 August 2022.

Business review

Key2 Futures Limited is a member of the Range Group, headed by Range Topco Limited. The following business review considers the trading conditions of the Group as a whole, of which this subsidiary is a member.

The Group provide children's homes, specialist education and supported accommodation across England with the aim of supporting young people to flourish and thrive regardless of the challenges they have faced. We support more than 800 children and young people throughout our different settings, each carefully designed with a therapeutic approach to provide the highest quality of service, including:

- six schools registered with the Department for Education, operating across 15 sites, enabling young people to gain the skills and resilience needed to succeed in life beyond school;
- an alternative learning provision ("HEAL") designed to ensure that no young person misses out on an education, offering 1:1 support to help young people back into education or training;
- 46 residential children's homes registered with Ofsted that provide a nurturing and caring environment for over 100 children; and
- supported accommodation services which support over 300 young people aged 16 to 25 as they make the journey to independent living, with homes that give them the opportunities they deserve to build the brightest futures.

We believe that each young person is unique and should be enabled to feel confident about their future, no matter what they have been through in life. Our colleagues are key to this, and they work tirelessly to offer the best services and support for those children and young people within our care. From our teaching staff to our residential workers, and our psychologists through to our administrative functions - diversity is a strength, and we celebrate the differences amongst our colleagues and the wide breadth of personal experience and skills that they bring. They uphold our mission - "Young lives, bright futures" - and uphold our values:

- **Compassionate:** We listen, care and support with sincerity, empathy and kindness
- **Inspiring:** We promote a culture which is high in expectation, enabling our young people and colleagues to fulfil their potential
- **Dependable:** We are reliable and trustworthy, creating safe environments where young people can flourish, and colleagues can grow and we always keep our word
- **Collaborative:** We value our partnerships and work together to create innovative and sustainable solutions for young people

Our SHINE programme, developed in-house, ensures that a therapeutic approach runs through everything that we do, and that we are always Supporting Healing in Nurturing Environments. This approach provides support both to young people and colleagues, and is an evolving part of what we do.

Our residential homes and schools are regulated by Ofsted and inspected on a regular basis. As at 31st August 2022, 91% of our homes were rated Good or Outstanding, exceeding the national benchmark. At the same date, all but one of our schools was rated Good. Although supported accommodation is not formally regulated, the Department for Education have confirmed their intention to move towards regulation in 2023; we actively welcome this and regard it as an opportunity for us both organisationally and for the sector as a whole. We are engaging with Ofsted and commissioners to ensure that we are prepared for this, and contributing to their consultation.

The Group has a resilient and proven business model and we continue, through our staff teams and operational leadership, to manage services well.

The results of the Company for the year, as set out on pages 13 and 14, show a profit after taxation of £881,103 (2021: profit after taxation of £1,069,847). The reduction in profit is the result of a reduction in fees. The Company also has net assets of £9,697,725 (2021: net assets of £8,816,622).

Principal risks and uncertainties

Details of the Company's principal risk and uncertainties, and risk management policies are set out in the Directors' Report.

KEY2 FUTURES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2022

Key performance indicators

As part of the management accounts, the directors use Key Performance Indicators ('KPIs') to assist in the understanding of the development, performance and position of the business of the group. The KPIs used by the group to measure its own performance include Ofsted gradings, placement numbers across all divisions and education and residential occupancy rates.

	Year ended 31 August 2022	Year ended 31 August 2021
Residential Ofsted (% Good or Outstanding)	91%	73%
Education Ofsted (% Good or Outstanding)	86%	83%
Total placement numbers at year end	850	810
Residential occupancy rate of available capacity for the full year	83%	82%
Education occupancy rate of available capacity for the full year	77%	75%

Section 172 statement

The directors of the Company are required to act in accordance with the duties detailed in section 172 of the Companies Act 2006, which are summarised as follows:

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interest of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the company.

The statement below sets out how the directors have acted in accordance with these duties.

Long term decisions

Children and young people are at the centre of our decision-making. All long term decisions are taken to best represent the interests of all stakeholders, with young people at the centre, but also including colleagues, local authorities and commissioners.

Employees

The Company's policy is to consult and discuss with employees, through meetings and written communications, matters likely to affect employees' interests. All staff are paid at least the National Living Wage, regardless of their age.

Customers

The customers of the Company are Local Authorities with whom all divisions undertake a collaborative approach to delivering a support package that is aligned to the young person's needs.

Suppliers

The Company agrees terms and conditions for its business transactions with suppliers before orders are placed. Payments are then made in accordance with these obligations. As a Company we believe it is important to pay our suppliers in accordance with agreed terms for the service they provide.

Environment

The Company is committed to maintaining an excellent reputation and strives to achieve high standards. We are highly selective about who we work alongside to deliver best value while maintaining an awareness of the environmental impact of the work that they do and strive to reduce their carbon footprint.

KEY2 FUTURES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2022

Carbon reporting

The Group are committed to reducing the environmental impact of operations and support services. A base year of 1 September 2020 - 31 August 2021 has been used, as this is the earliest year for which reliable data was recorded and measured. This base year will be used as the benchmark for future emission data and consumption changes.

The Group owned 60 buildings during this period, where electricity and gas are the primary and only utilities used. The Group owned company vehicles and had staff mileage claims. All activities are based within the UK.

	Tons of CO2		Tons of CO2% of Total		Tons of CO2 chang
	Base Year (FY21)	Current Year (FY22)	Base Year (FY21)	Current Year (FY22)	
Natural Gas	761	516	45%	46%	(245)
Cars - Average Petrol	337	278	20%	25%	(59)
Vans - Average Diesel	54	39	3%	3%	(15)
Electricity	272	141	16%	12%	(131)
Grey Fleet Mileage	250	160	15%	14%	(90)
Gross emissions	1,674	1,134	100%	100%	(540)
Renewable energy	196	141	12%	12%	(55)
Net emissions	1,478	993	88%	88%	(485)

Electricity purchased for own use or consumption: 664,549.55 kWh.

Renewable electricity generated from owned or controlled sources: 664,549.55 kWh.

The Group recognises that its primary responsibility in respect of climate change is to reduce emissions as far as possible. However, as we work towards responsible consumption practices, to mitigate any impact, a green tariff for 100% renewable electricity has been purchased from Pozitive Energy. Every unit of renewable energy purchased with Pozitive comes with its own Renewable Energy Guarantee of Origin (REGO) certificate. This means there are no associated carbon emissions from electricity, reducing the carbon footprint by 141 tons of carbon dioxide, however location-based grid average emissions have been used to report the emissions figure.

The Group undertook an Energy Savings Opportunity Scheme (ESOS) assessment in December 2019 to identify opportunities for energy savings. The Group is committed to sustainability and becoming energy efficient whilst reducing its carbon footprint. Due to the coronavirus pandemic in 2020, specific efficiency improvement projects were put on hold in this financial year. The following actions have been taken to reduce environmental impact:

- Upgraded 16 inefficient gas/oil heating boilers
- Upgraded insulation in 3 properties
- Sourced 100% renewable electricity contracts for the majority of sites and continually transitioning remaining fossil fuel supplies to low carbon energy contracts.

Community and other stakeholders

The Directors recognise the importance of wider stakeholders in delivering their strategy and achieving sustainability within the business. The main stakeholders in the company are considered to be children and young people, our colleagues, and our Local Authority Partners.

Reputation for high standards of business conduct

In ensuring that all our stakeholders are considered as part of every decision process we believe we act fairly between all members of the company.

KEY2 FUTURES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2022

Future outlook

The underlying opportunity for the Group remains compelling with the forecast market requirements growing significantly year on year across all three divisions, whilst remaining fragmented across a high number of small providers. The Group's scale and commitment to quality, alongside investment in personnel, process and technology position it well for future growth.

Across the UK we have seen referrals for children increase with increasing complexity of behaviours being evident. Alongside this structural growth in demand, the forthcoming changes in regulation in the supported accommodation sector present further opportunities for the Group and we feel well placed to maximise these.

Approved by the Board on 12/01/23 and signed on its behalf by:

Amanda Cunningham

.....
A Cunningham
Director

KEY2 FUTURES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2022

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

Principal activity

The principal activity of the company is the provision of support services to young people

Results and dividends

The results for the year are set out on page 13, which show a profit after taxation for the year of £881,103 (2021 - £1,069,847).

The directors do not recommend the payment of a dividend.

Directors of the company

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

A Cunningham (appointed 21 February 2022)

P B S Keys (resigned 11 March 2022)

D R Pugh (resigned 26 August 2022)

The following directors were appointed after the year end:

A Haveron (appointed 12 September 2022)

A M McMahon (appointed 1 September 2022)

Qualifying third party indemnity provisions

The Company has provided qualifying third party indemnity provisions in respect of the board of directors which were in force during the year and at the date of this report.

Disabled persons

The Company's policy is to recruit disabled workers with assistance and training given as necessary. 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.

Employee involvement

The Company's policy is to consult and discuss with employees, through meetings and written communications, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which aim to achieve a common awareness on the part of all employees of the social, financial and economic factors affecting the company's performance.

We strive to listen to our staff and continue to adapt and develop our working practices to best recognise the invaluable work our staff team undertake.

Principal risks and uncertainties

The group's customers are local authorities and any changes in government purchasing policy away from the independent sector would constitute a risk. Local authorities control of spending represents a risk to the business in terms of fees for new young people and inflationary increases on fees for existing users of the services. Increases in the National Living Wage add further pressure on costs. Wherever possible the group mitigates this risk through negotiating contracts for young people and it is committed to working with commissioners to find solutions that provide demonstrable value for money. The strategy is to continue to focus on providing high quality services delivering positive outcomes for vulnerable young people at fee levels which are competitive and represent good value.

The group operates in a highly regulated environment. The quality of care provided by the group and its compliance with regulations are monitored in a structured manner and subject to continuous review by the senior managers and the directors. A Director of Quality has been appointed overseeing all three operating divisions.

KEY2 FUTURES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2022

Financial instruments

The Company uses various financial instruments which include cash, loans and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The policy in the year has been to ensure continuity of funding through the use of funding provided by both banks and Graphite Capital Management LLP.

Interest rate risk

The Company is not significantly exposed to interest rate risk as interest is currently not charged on the intercompany funding.

Credit risk

The Company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the Company's trade debtors which is also limited as the Company's customers are local government authorities.

Post balance sheet events

There have been no significant post balance sheet events.

Going concern

The Directors have undertaken a review in respect of going concern across the Range Group, for which this subsidiary is a member. These include an assessment of the availability of borrowing facilities and financial covenant headroom.

The Group retain the support of all financial stakeholders and there remains a market appetite to provide financing to the sector in which the Group operates. The current trading forecast continues to indicate healthy financial covenant headroom. The recent trading performance of the Group has been in line with forecasts and the Directors continue to closely manage expenditure and seek increased weekly fee rates on placements across all trading divisions.

After reviewing the group's forecasts to 31 March 2024, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

Reappointment of auditors

The auditor, RSM UK Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Energy and carbon reporting

The Group's carbon reporting analysis can be found in the Strategic Report.

Disclosure of information to the auditors

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 12/01/23 and signed on its behalf by:

Amanda Cunningham

.....
A Cunningham
Director

KEY2 FUTURES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

KEY2 FUTURES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEY2 FUTURES LIMITED

Opinion

We have audited the financial statements of Key2 Futures Limited (the 'company') for the year ended 31 August 2022, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of 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 company's affairs as at 31 August 2022 and of its profit 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 company 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 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.

KEY2 FUTURES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEY2 FUTURES LIMITED

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities 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 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 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud. Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit. However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, UK tax legislation and Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting relevant correspondence and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Ofsted. We performed audit procedures which included an inquiry of management and those charged with governance whether the company is in compliance with these law and regulations, as well as a review of the latest reports published by Ofsted for each of the sites managed by the company.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, performance of procedures including data analytics on revenue in the year and tests of detail on revenue transactions to supporting documentation.

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.

KEY2 FUTURES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEY2 FUTURES LIMITED

Use of this 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.

Richard King

.....
Richard King FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Auditor LLP, Statutory Auditor

Suite A, 7th Floor
East West Building
2 Tollhouse Hill
Nottingham
NG1 5FS

Date: 12/01/23
.....

KEY2 FUTURES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	2022 £	2021 £
Turnover	3	11,867,404	12,643,682
Cost of sales		<u>(4,275,721)</u>	<u>(5,103,876)</u>
Gross profit		7,591,683	7,539,806
Administrative expenses		<u>(6,729,774)</u>	<u>(6,501,894)</u>
Operating profit	4	861,909	1,037,912
Taxation	8	<u>19,194</u>	<u>31,935</u>
Profit for the financial year		<u>881,103</u>	<u>1,069,847</u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the current and comparative year.

The notes on pages 16 to 26 form an integral part of these financial statements.

KEY2 FUTURES LIMITED

(REGISTRATION NUMBER: 04878290)
BALANCE SHEET AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	9	<u>462,641</u>	<u>576,242</u>
Current assets			
Debtors	10	10,562,965	7,911,486
Cash at bank and in hand		<u>793,833</u>	<u>1,477,555</u>
		11,356,798	9,389,041
Creditors: Amounts falling due within one year	11	<u>(1,895,053)</u>	<u>(910,839)</u>
Net current assets		<u>9,461,745</u>	<u>8,478,202</u>
Total assets less current liabilities		9,924,386	9,054,444
Provisions	12	<u>(226,661)</u>	<u>(237,822)</u>
Net assets		<u><u>9,697,725</u></u>	<u><u>8,816,622</u></u>
Capital and reserves			
Called up share capital	14	300,400	300,400
Share premium reserve		365,409	365,409
Capital redemption reserve		270	270
Profit and loss account		<u>9,031,646</u>	<u>8,150,543</u>
Total equity		<u><u>9,697,725</u></u>	<u><u>8,816,622</u></u>

Approved and authorised by the Board on 12/01/23 and signed on its behalf by:

Amanda Cunningham

.....
A Cunningham
Director

The notes on pages 16 to 26 form an integral part of these financial statements.

KEY2 FUTURES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2022

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 September 2021	300,400	365,409	270	8,150,543	8,816,622
Profit for the year	-	-	-	881,103	881,103
At 31 August 2022	<u>300,400</u>	<u>365,409</u>	<u>270</u>	<u>9,031,646</u>	<u>9,697,725</u>

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 September 2020	300,400	365,409	270	7,080,696	7,746,775
Profit for the year	-	-	-	1,069,847	1,069,847
At 31 August 2021	<u>300,400</u>	<u>365,409</u>	<u>270</u>	<u>8,150,543</u>	<u>8,816,622</u>

The notes on pages 16 to 26 form an integral part of these financial statements.

KEY2 FUTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Venture House
12 Prospect Park
Longford Road
Cannock
Staffordshire
WS11 0LG

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Summary of disclosure exemptions

The company has not presented a cash flow statement on the grounds that the company is a wholly owned subsidiary and a group cash flow statement is included in the financial statements of the ultimate parent company, Range Topco Limited.

The Company has taken advantage of the exemption under FRS 102 Section 33.7 not to disclose transactions with other wholly owned group companies.

Name of parent of group

These financial statements are consolidated in the financial statements of Range Topco Limited.

The financial statements of Range Topco Limited may be obtained from Companies House.

Going concern

The Directors have undertaken a review in respect of going concern which includes an assessment of the availability of borrowing facilities, financial covenant headroom, anticipated performance in the forthcoming financial year and beyond, reviewing downside sensitivity analysis including energy costs, availability of staff and other variables considered to be significant.

The Group retain the support of all financial stakeholders and there remains a market appetite to provide financing to the sector in which the Group operates. The current trading forecast continues to indicate healthy financial covenant headroom. The recent trading performance of the Group has been in line with forecasts and the Directors continue to closely manage expenditure and seek increased weekly fee rates on placements across all trading divisions.

After reviewing the group's forecasts to 31 March 2024 the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

KEY2 FUTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of transitional services

Revenue from the provision of transitional services is recognised at the end of the completed working month based on the number of days of services provided.

Where income is received in advance this is initially held in the statement of financial position and released to the profit and loss account as services are provided.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Fixtures, fittings & domestic appliances	33% straight line basis
Office equipment	33% straight line basis

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

KEY2 FUTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Provisions

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

KEY2 FUTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

KEY2 FUTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

Judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements:

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profit of debtors and historical experience.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2022	2021
	£	£
Provision of support and accommodation services.	<u>11,867,404</u>	<u>12,643,682</u>

The total turnover of the company has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Operating profit

Arrived at after charging:

	2022	2021
	£	£
Depreciation expense	438,761	446,422
Operating lease expense - property	<u>3,154,304</u>	<u>3,241,226</u>

KEY2 FUTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 £	2021 £
Wages and salaries	2,667,570	2,849,855
Social security costs	248,471	253,598
Pension costs, defined contribution scheme	56,478	60,304
	<u>2,972,519</u>	<u>3,163,757</u>

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

	2022 No.	2021 No.
Operations	106	116
Administration	<u>5</u>	<u>6</u>
	<u>111</u>	<u>122</u>

6 Directors' remuneration

All directors of this company were remunerated through Range Bidco Limited. These costs were charged from Range Bidco Limited at a gross value of £245,147 (2021 - £231,916).

7 Auditor's remuneration

Fees payable to the company's auditor for the audit of the company's annual financial statements totalled £34,250 (2021 - £29,000).

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the consolidated financial statements of the ultimate parent company, Range Topco Limited.

KEY2 FUTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

8 Taxation

Tax (credited)/charged in the profit and loss account

	2022 £	2021 £
Current taxation		
UK corporation tax	-	31,556
UK corporation tax adjustment to prior periods	(31,580)	2,871
	<u>(31,580)</u>	<u>34,427</u>
Deferred taxation		
Arising from origination and reversal of timing differences	11,247	(46,349)
Arising from changes in tax rates and laws	3,552	(13,550)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(2,413)	(6,463)
	<u>12,386</u>	<u>(66,362)</u>
Total deferred taxation	<u>12,386</u>	<u>(66,362)</u>
Tax receipt in the income statement	<u>(19,194)</u>	<u>(31,935)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>861,909</u>	<u>1,037,912</u>
Corporation tax at standard rate	163,763	197,203
Effect of revenues exempt from taxation	(18,617)	-
Effect of expense not deductible in determining taxable profit	505	8,024
Deferred tax expense/(credit) relating to changes in tax rates or laws	3,552	(13,550)
Decrease in UK and foreign current tax from adjustment for prior periods	(33,993)	(3,592)
Tax decrease arising from group relief	<u>(134,404)</u>	<u>(220,020)</u>
Total tax credit	<u>(19,194)</u>	<u>(31,935)</u>

KEY2 FUTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

Deferred tax

Deferred tax assets and liabilities

	Asset £
2022	
Fixed asset timing differences	38,734
Short term timing differences	5,338
	<u>44,072</u>
2021	
Fixed asset timing differences	53,809
Short term timing differences	2,649
	<u>56,458</u>

Factors that may affect future tax charges

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021. Deferred tax has been calculated at 25% which was the tax rate substantively enacted at 31 August 2022.

9 Tangible assets

	Furniture, fittings & domestic appliances £	Office equipment £	Total £
Cost			
At 1 September 2021	1,240,156	913,117	2,153,273
Additions	228,870	97,145	326,015
Disposals	<u>(244,889)</u>	<u>(296,305)</u>	<u>(541,194)</u>
At 31 August 2022	<u>1,224,137</u>	<u>713,957</u>	<u>1,938,094</u>
Depreciation			
At 1 September 2021	902,674	674,357	1,577,031
Charge for the year	252,147	186,614	438,761
Eliminated on disposal	<u>(216,273)</u>	<u>(324,066)</u>	<u>(540,339)</u>
At 31 August 2022	<u>938,548</u>	<u>536,905</u>	<u>1,475,453</u>
Carrying amount			
At 31 August 2022	<u>285,589</u>	<u>177,052</u>	<u>462,641</u>
At 31 August 2021	<u>337,482</u>	<u>238,760</u>	<u>576,242</u>

KEY2 FUTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

10 Debtors

	Note	2022 £	2021 £
Trade debtors		2,253,935	1,389,194
Amounts owed by group undertakings		8,001,963	6,094,122
Other debtors		1,307	4,774
Prepayments and accrued income		224,870	366,938
Deferred tax assets	8	44,072	56,458
Corporation tax asset		36,818	-
		<u>10,562,965</u>	<u>7,911,486</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Prepayments includes rent deposits amounting to £263,786 (2021 - £291,738).

11 Creditors

	31 August 2022 £	31 August 2021 £
Due within one year		
Trade creditors	177,353	148,059
Amounts owed to group undertakings	778,434	289,424
Social security and other taxes	242,995	159,509
Outstanding defined contribution pension costs	10,756	2,540
Other creditors	283,476	9,343
Accrued expenses	402,039	32,908
Corporation tax liability	-	269,056
	<u>1,895,053</u>	<u>910,839</u>

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

12 Provisions

	Dilapidations provision £	Other provisions £	Total £
At 1 September 2021	94,822	143,000	237,822
Additional provisions	8,839	-	8,839
Decrease in existing provision	-	(20,000)	(20,000)
At 31 August 2022	<u>103,661</u>	<u>123,000</u>	<u>226,661</u>

The dilapidations provision is held in respect of certain leasehold properties.

Other provisions include amounts relating to other regulatory issues to be resolved.

KEY2 FUTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

13 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £56,478 (2021 - £60,304).

Contributions totalling £10,756 (2021 - £2,540) were payable to the scheme at the end of the year and are included in creditors.

14 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary A shares of £0.01 each	8,100	81	8,100	81
Ordinary B shares of £0.01 each	8,100	81	8,100	81
Ordinary C shares of £0.01 each	9,000	90	9,000	90
Ordinary D shares of £0.01 each	900	9	900	9
Ordinary E shares of £0.01 each	900	9	900	9
Ordinary F shares of £0.01 each	9,000	90	9,000	90
Ordinary I shares of £0.01 each	4,000	40	4,000	40
Redeemable preference shares of £1 each	300,000	300,000	300,000	300,000
	<u>340,000</u>	<u>300,400</u>	<u>340,000</u>	<u>300,400</u>

All shares rank pari passu in all material respects.

The directors have concluded that the redeemable preference shares are a form of equity as opposed to debt. This follows consideration of all of the conditions attaching to the shares, including the fact that there is no fixed date for redemption, no fixed dividend or coupon and redemption is expected to be discretionary and in the hands of shareholders.

15 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2022	2021
	£	£
Not later than one year	1,647,782	1,618,378
Later than one year and not later than five years	<u>205,230</u>	<u>195,742</u>
	<u>1,853,012</u>	<u>1,814,120</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £3,154,304 (2021 - £3,241,226).

16 Contingent liabilities

The company is party to an inter-company cross guarantee in relation to the borrowings in the parent company. The total borrowings as at 31 August 2022 were £63,667,641 (2021 - £59,747,343).

KEY2 FUTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022

17 Charges and Securities

Clydesdale Bank PLC has a fixed and floating charge over the assets of the company.

18 Related party transactions

The company has taken advantage of the exemption under FRS 102 Section 33.7 not to disclose transactions with other wholly owned group companies.

19 Immediate and ultimate parent undertaking

The company's immediate parent is Horizon 2912 Limited, incorporated in England and Wales.

The controlling entity of the Group is Range Topco Limited of which there is no ultimate controlling party. This is due to the B ordinary shares being held by certain individuals and funds managed by Graphite Capital. None of the funds individually has an ultimate controlling stake in the company. No individual holds more than 20% of the share capital of the company. Hence, the Directors consider that there is no ultimate controlling party of the company.

Range Topco Limited is the smallest and largest group of undertakings for which consolidated accounts are drawn up.

The financial statements of Range Topco Limited may be obtained from Companies House.