Registration number: 01500252

Key Leasing Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

Key Leasing Limited

Contents

Key Leasing Limited

Strategic Report

The directors present their strategic report for the year ended 31 December 2020.

Business review
On 10 April 2015, General Electric Company (GE) announced its plan to reduce the size of its financial services businesses through the sale of most of the assets of the GE Capital businesses (the GE Capital Exit Plan) and to focus on continued investment and growth in GE's industrial financing business. As part of this GE Capital Exit Plan, the company has been identified as a holding company for several of GE Capital companies.

During 2020, the company continued to execute the GE Capital Exit Plan. As a result, the company received capital repayments from its subsidiaries of £24,057,000 and £35,888,000 in dividend income.

The directors perform an annual test of the investment value in its subsidiaries and recognises impairments as required. As a direct consequence of the distributions made by the subsidiaries to the company, an impairment charge of £33,273,000 has been recorded against the company's investments. The distributions received by the company were applied towards strengthening the company's balance sheet.

The results for the company show a profit, after taxation, for the year of £2,326,000 (2019: £5,363,000).

The directors do not recommend payment of a final dividend (2019: £nil).

The company has net assets of £9,818,000 (2019: £7,492,000) including investments in its subsidiary entities of £3,753,000 (2019: £61,083,000). The company has net current assets of £6,100,000 (2019: net current liabilities of £53,647,000) of which £4,770,000 is due from (2019: £53,656,000 due to) fellow GE group companies.

The more significant transactions the company has undertaken during the year are:

On 5 March 2020, the company received a cash dividend of £10,332,000 from GE Capital Corporation (Leasing) Limited.

On the same date, the company received a cash dividend of £6,000,000 from GE Capital Corporation (Investment Properties) Limited.

On 20 March 2020, the company received a cash dividend of £14,000,000 from GE Capital Sigma Holding Ltd.

On 2 December 2020, as part of the GE Capital Exit Plan, the company acquired a loan of £1,326,000 from one of its subsidiaries, GE Capital UK Limited.

On 25 November 2020, the company received a cash dividend of £1,759,000 from GE Real Estate European Finance Limited.

Developments
The ongoing strategy of the company is to continue its activity as a holding company to bring further benefit to the company and deliver on the GE Capital Exit Plan.

Key Leasing Limited

Strategic Report

Principal risks and uncertainties

1. A principal risk of the company is the carrying value of its investments. The performance of the underlying subsidiaries is periodically reviewed in order to mitigate this risk.

2. The company has a 125 year lease on a building it is no longer using. There are 96 years left on the lease. The property is currently sublet on a 25 year lease that expires in 2037. Although the site is currently marketable it is unknown whether this will remain the same in 2037. The company has made appropriate provision in case the lease cannot be re sublet for the remaining lease term. Due to the length of the outstanding lease term the provision is sensitive to any interest rate change.

3. Due to the nature of the business, the directors have assessed that there will be little or no impact on the future activities of the company as a result of Brexit.

4. The COVID-19 pandemic, resulting in workforce and travel restrictions, supply chain and production disruptions and reduced demand and spending across many sectors, paired with the collapse of oil prices have significantly impacted global economies. During the latter part of the first quarter of 2020, these factors began having a material adverse impact on our investees indicating that some of our investments in related entities carried at cost may have been impaired eventually requiring us to estimate their recoverable amount at the next reporting date. While the effects of these events cannot be estimated at our report release date, we anticipate many of these impacts affecting our investments' recoverable amount will continue in the foreseeable future depending on the severity and duration of the pandemic. Such effects and the required mitigating actions will continue to be monitored and evaluated by management during the 2020 financial year.

Key performance indicators (KPIs)

The company has not identified any key performance indicators due to the nature of its operations as a holding company.

The directors are satisfied with both the performance for the year and the balance sheet position at 31 December 2020.

Approved by the Board on 27 May 2021 and signed on its behalf by:

DocuSigned by:

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P S Girling
Director

Key Leasing Limited

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity
The company continues to act as a holding company.

As of the date of these financial statements, the directors of the company had no formal or contractual commitments to dispose of its assets or business.

Results and dividends
The profit for the year, after taxation, amounted to £2,326,000 (2019: £5,363,000).

The directors do not recommend payment of a dividend (2019: £nil).

Directors of the company
The directors who held office during the year and up to the date of the directors' report were as follows:

S Mufti

J L J Gatt

N A Geldard

P S Girling

Post balance sheet event
On 20 May 2021, the company acquired 1 ordinary share of £1 in the share capital of GE Money Home Lending Limited from GE Money Mortgages Limited, for a total consideration of £3,554,000.

Directors' liabilities
One or more of the directors have benefited from qualifying third party indemnity provisions in place during the financial year and subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.

Disclosure of information to the auditor
Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor
KPMG LLP will resign as auditor on completion of company's 2020 audit.

Following a global re tendering exercise by GE, Deloitte LLP will be appointed as the company's auditor for the next audit cycle.

Approved by the Board on 27 May 2021 and signed on its behalf by:

Key Leasing Limited

Directors' Report

DocuSigned by:

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P S Girling
Director

Key Leasing Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

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

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

Independent Auditor's Report to the Members of Key Leasing Limited

Opinion

We have audited the financial statements of Key Leasing Limited ("the company") for the year ended 31 December 2020, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Independent Auditor's Report to the Members of Key Leasing Limited

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

• Enquiring of those charged with governance and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud and the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
• Reading board minutes.
• Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there is no revenue.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls.

We also performed procedures identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These include duplicate journal entries, journal entries containing key words like error, fraud, adjustment covid and restatement, journal entries made to unrelated accounts, unusual journal combinations related to cash and journal entries posted by individuals who do not typically post.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Independent Auditor's Report to the Members of Key Leasing Limited

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

Secondly, the company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified anti-bribery and regulatory capital and liquidity as those most likely to have such an effect recognising the nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the issued tax assessments to disallow interest deductions claimed by other group companies, as discussed in note 11 we assessed the disclosure against our understanding from legal assessments and correspondence and used our taxation specialists to help us assess the current status of the assessment.

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

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

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

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

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

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

Independent Auditor's Report to the Members of Key Leasing Limited

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Key Leasing Limited

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Heidi Broom-Hirst

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Heidi Broom-Hirst (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

Date: 27 May 2021

Key Leasing Limited

Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Administrative expenses		(57)	(11)
Other operating income		85	865
Impairment of fixed asset investments	13	(33,273)	(18)
Income from shares in group undertakings		35,888	4,894
Operating profit	5	2,643	5,730
Interest receivable and similar income	6	2	7
Interest payable and similar expenses	7	(319)	(374)
Profit before tax		2,326	5,363
Tax on profit	11	-	-
Profit for the year		2,326	5,363
Other comprehensive income		-	-
Total comprehensive income for the year		2,326	5,363

The above results were derived from continuing operations.

Key Leasing Limited

Registration number: 01500252

Balance Sheet
as at 31 December 2020

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Right of use assets	12	871	880
Investments	13	4,548	61,946
		5,419	62,826
Current assets			
Debtors: amounts falling due within one year	14	6,100	9
Creditors: Amounts falling due within one year	15	-	(53,656)
Net current assets/(liabilities)		6,100	(53,647)
Total assets less current liabilities		11,519	9,179
Creditors: Amounts falling due after more than one year	16	(1,422)	(1,422)
Provisions for liabilities	17	(279)	(265)
Net assets		9,818	7,492
Capital and reserves			
Called up share capital	18	-	-
Share premium account		50	50
Profit and loss account		9,768	7,442
Shareholders' funds		9,818	7,492

Approved by the Board on 27 May 2021 and signed on its behalf by:

DocuSigned by:

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P S Girling

Director

The notes on pages 14 to 27 form an integral part of these financial statements.

Key Leasing Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Called up share capital £ 000	Share premium account £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2020	-	50	7,442	7,492
Comprehensive income for the year				
Profit for the year	-	-	2,326	2,326
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	2,326	2,326
At 31 December 2020	-	50	9,768	9,818

	Called up share capital £ 000	Share premium account £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2019	-	-	2,079	2,079
Comprehensive income for the year				
Profit for the year	-	-	5,363	5,363
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	5,363	5,363
Share capital issued during the year/share premium on share capital issued	-	50	-	50
At 31 December 2019	-	50	7,442	7,492

Key Leasing Limited

Notes to the Financial Statements

1 General information

The company is a private company limited by share capital, registered in England, incorporated and domiciled in the United Kingdom.

The address of its registered office is:
3rd Floor
1 Ashley Road
Altrincham
Cheshire
WA14 2DT

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.

Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

2 Accounting policies (continued)

Going concern

The directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicates that, taking account of the ongoing negative socio-economic impact of the COVID-19 pandemic, in light of the company's ability to access the group's cash pool facility if required, the company will have sufficient funds to meet its liabilities as they fall due for that period.

The directors are confident that the company will have sufficient funds to continue in operational existence for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

As part of the directors ongoing review of the company's liquidity the company has moved from a net current liability to a net current asset position during the year.

Exemption from preparing group accounts

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The results of the company are included in the consolidated financial statements of General Electric Company which are available from 5 Necco Street, Boston, Massachusetts, 02210, USA.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
• paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 52, 58 and the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Key Leasing Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income, and any adjustments to tax payable in respect of previous years. Full provision is made for deferred tax liabilities arising from all temporary differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the temporary differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Tangible fixed assets

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

Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful life of each tangible fixed asset as follows:

Asset class	Estimated useful life
Right of use assets	The remaining lease term expiring in 2116

Investments

Investment in group undertakings are shown at cost less provision for impairment.

At each balance sheet date the company reviews the carrying amounts of its investments to determine whether there is any indication that those investments have suffered an impairment loss. If such indication exists, the recoverable amount of the investment is estimated based on its fair value less costs of disposal and value in use. Where the recoverable amount of the investment is less than the carrying value an impairment loss is recognised in profit and loss account in the period.

2 Accounting policies (continued)

Leases

As a lessee

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term discounted using the company's incremental borrowing rate. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS15.

Subsequent measurement

After the commencement date, the company measures the lease liability by:

(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for tangible fixed assets. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

2 Accounting policies (continued)

Sub leases

If an underlying asset is re-leased by the company to a third party and the company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right of use asset in the head lease (and not the underlying asset of the head lease). After classification lessor accounting is applied to the sublease.

Financial instruments

Initial recognition

The company recognises financial assets and financial liabilities in the balance sheet when, and only when, the company becomes party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade debtor without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade debtor without a significant financing component is initially measured at the transaction price.

Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

2 Accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement
Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:
· financial assets at amortised cost;
· financial assets at fair value through other comprehensive income (FVTOCI); or
· financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:
· financial liabilities at amortised cost; or
· financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing financial assets and liabilities and the contractual cash flow characteristics of the financial assets. Accordingly, all financial assets which include amounts due from group undertakings are subsequently measured at amortised cost.

Impairment of financial assets
The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVTOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

2 Accounting policies (continued)

Financial instruments (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the year. Although these estimates are based on the directors' best knowledge of the amounts, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Carrying value of investments

The principal activity of the company is to act as a holding company for underlying subsidiaries. As a result the main risk facing the company is the underlying trade of the investments not supporting the carrying value.

Investments are subject to impairment when there are indicators, such as, the net assets of the underlying company being less than the carrying value of the investments, adverse trade conditions in the underlying investments, cessation of trade in the underlying investments, significant losses in the year in the underlying investments and impairment of fixed assets in the underlying investments in the year.

Where the carrying value exceeds the estimated recoverable amount (being the greater of fair value less costs of disposal and value-in-use), an impairment loss is recognised by writing down the investments to its recoverable amount. 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 future cash flow estimates have not been adjusted. The estimates of future cash flows exclude cash inflows or outflows attributable to financing activities and income tax. Impairment losses arising in respect of investments are not reversed once recognised.

Key Leasing Limited

Notes to the Financial Statements

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Rates provision
The company leases a property which it is no longer using. The main risk to the company is the unknown cost associated with the lease over its term.

The company has a provision in place to cover these costs. With effect from 1 January 2019, the rental costs associated with the lease have been reported under IFRS 16. The provision at the end of the year represents the gross business rates for the property for the period after the sublease has ended. The discount rate used under IFRS 16 is applied to the expected gross business rates commitments under the total life of the lease in order to calculate the present value of the cost to the company. The provision is reviewed and revised annually taking into account any changes in circumstances and based on the latest discount rate. A 1% movement in the discount rate has the potential to impact the provision by + or - £72,000 to £109,000.

4 Other operating income

	2020 £ 000	2019 £ 000
Movement in rates/onerous lease (note 17)	-	786
Rents receivable	79	79
Net other income	6	-
	85	865

5 Operating profit

Operating profit is stated after charging/(crediting):

	Note	2020 £ 000	2019 £ 000
Depreciation expense	12	9	9
Sub-lease income on right of use assets		(79)	(79)

6 Interest receivable and similar income

	2020 £ 000	2019 £ 000
Interest receivable from group companies	-	7
Other interest receivable	2	-
	2	7

Key Leasing Limited

Notes to the Financial Statements

7 Interest payable and similar expenses

	2020 £ 000	2019 £ 000
On loans from group undertakings	241	296
Interest on lease liabilities	78	78
	319	374

8 Staff costs

The company had no employees during the year (2019: nil).

9 Directors' remuneration

No directors received any remuneration in respect of services to the company during the current or preceding financial year.

All of the directors are/were also directors of a group undertaking and do not specifically receive any remuneration in respect of the company. The appropriate proportion of their services on behalf of the company is considered to be not significant.

10 Auditor's remuneration

Remuneration of £30,000 (2019: £30,000) paid to the auditor for their services to the company was borne by a fellow group undertaking.

11 Taxation

Tax charged/(credited) in the Profit and Loss Account

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	-	-

Key Leasing Limited

Notes to the Financial Statements

11 Taxation (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (2019: lower than the standard rate of corporation tax in the UK) of 19% (2019: 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Profit before tax	2,326	5,363
Corporation tax at standard rate	442	1,019
Non-taxable income	(6,819)	(930)
Expenses not deductible for tax purposes	6,322	3
Group relief for £nil consideration	55	(92)
Total tax charge/(credit)	-	-

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was announced on 3 March 2021 but was not substantively enacted at the date of approval of these financial statements. The impact of the announced future rate change on the financial statements is not considered material.

The U.K. Tax authorities issued assessments to disallow interest deductions claimed by other group companies for years from 2004 to 2015. The proposed disallowance does not affect interest deductions claimed by Key Leasing Limited but, if sustained, could impact losses surrendered against the taxable income of Key Leasing Limited in prior years. We comply with all applicable tax laws and judicial doctrines of the United Kingdom. We are contesting the disallowance and believe the full benefit of the deductions will be sustained on their technical merits, but the outcome of pending litigation cannot be fully known until resolution of the matter. Given the uncertainty of how much may be ultimately disallowed and availability of other U.K group tax attributes, Key Leasing Limited is unable to quantify the amount, if any, of the tax impact of this item.

There are no other factors that may significantly affect future tax charges.

There were no amounts of provided or unprovided deferred taxation as at 31 December 2020 or 31 December 2019.

Key Leasing Limited

Notes to the Financial Statements

12 Right of use assets

	Property £ 000
Cost	
At 1 January 2020	889
At 31 December 2020	889
Depreciation	
At 1 January 2020	9
Charge for the year	9
At 31 December 2020	18
Net book value	
At 31 December 2020	871
At 31 December 2019	880

Key Leasing Limited

Notes to the Financial Statements

13 Fixed asset investments

	Investments in subsidiary companies £ 000	Unlisted investments £ 000	Total £ 000
Cost			
At 1 January 2020	182,108	863	182,971
Disposals	(11)	-	(11)
Capital repayments	(24,057)	(68)	(24,125)
At 31 December 2020	158,040	795	158,835
Impairment			
At 1 January 2020	121,025	-	121,025
Charge for the year	33,273	-	33,273
On disposals	(11)	-	(11)
At 31 December 2020	154,287	-	154,287
Net book value			
At 31 December 2020	3,753	795	4,548
At 31 December 2019	61,083	863	61,946

The directors of the company have undertaken a review of the company's investment in group undertakings as at 31 December 2020. This has resulted in a write-off of £33,273,000, the investment having been valued at its current value in use by reference to its future discounted identifiable cash flows where relevant.

On 26 March 2020, the company acquired 1 ordinary share of £1 in the share capital of GE Commercial Financial Services Real Estate Properties Limited from GE Capital Investments, for a total consideration of £1.

On 28 August 2020, the subsidiary undertaking of the company, GE Capital Rail Services Limited, was dissolved.

On 20 October 2020, the subsidiary undertaking of the company, GE Services (France) Limited, was dissolved.

On the same date, the subsidiary undertaking of the company, GE Capital International Investments UK 2 Limited, was dissolved.

On the same date, the subsidiary undertaking of the company, GE Capital International Investments UK 1 Limited, was dissolved.

Key Leasing Limited

Notes to the Financial Statements

13 Fixed asset investments (continued)

During the year 2020, the company received the following amounts on account of repayment of capital:

On 2 June 2020, £68,000 from South East Growth Fund Limited Partnership,
On 27 August 2020, £1,848,000 from GE Capital Corporation (Investment Properties) Limited,
On 25 November 2020, £14,003,000 from GE Real Estate European Finance Limited,
On the same date, £2,360,000 from GE Capital Corporation (Leasing) Limited,
On 8 December 2020, £4,276,000 from GE Capital UK Limited,
On 11 December 2020, £1,570,000 from GE Capital Corporation (Funding) Limited.

Details of the company's directly or indirectly held subsidiary undertakings as at 31 December 2020 are included in Appendix 1, which also forms an integral part of these financial statements.

14 Debtors

	2020 £ 000	2019 £ 000
Amounts owed by group undertakings	4,770	-
Other debtors	1,330	9
	6,100	9

15 Creditors: Amounts falling due within one year

	2020 £ 000	2019 £ 000
Amounts owed to group undertakings	-	53,656

16 Creditors: Amounts falling due after more than one year

	2020 £ 000	2019 £ 000
Lease liabilities	1,422	1,422

Lease liabilities include £2,900 due within 1 - 5 years (2019: £2,700) and £1,418,800 due after more than 5 years (2019: £1,419,500). The total cash outflow on the lease during the year was £78,500 (2019: £78,500).

Key Leasing Limited

Notes to the Financial Statements

17 Provisions for liabilities

	Rates provision £ 000
At 1 January 2020	265
Additions during the year	14
At 31 December 2020	279

The company has a property subject to a lease that ends in August 2116 which has been sublet for 25 years up to 2037. With effect from 1 January 2019, the rental costs associated with the lease have been reported under IFRS 16. The provision represents the gross business rates for the property for the period after the sublease has ended.

18 Share capital

Allotted, called up and fully paid shares

	2020 No.	2020 £	2019 No.	2019 £
Ordinary shares of £1 each	2	2	2	2

19 Ultimate parent undertaking and controlling party

The company's immediate parent is GE Capital Investments, a company registered at 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT.

The smallest and largest group in which the results of the company are consolidated is that headed by its ultimate parent undertaking, General Electric Company, a company with principal executive offices at 5 Necco Street, Boston, Massachusetts, 02210, USA. The consolidated financial statements of this company are available to the public and may be obtained from the address of the principal executive offices or at www.ge.com.

20 Post balance sheet event

On 20 May 2021, the company acquired 1 ordinary share of £1 in the share capital of GE Money Home Lending Limited from GE Money Mortgages Limited, for a total consideration of £3,554,000.

Key Leasing Limited

Appendix 1: Fixed asset Investments

Details of the company's direct holdings as at 31 December 2020 are as follows:

Name	Percentage of shares held	Registered Office
GE Money Two	100%	30 Finsbury Square, London, EC2A 1AG
Leasecontracts Limited	100%	1 More London Place, London, SE1 2AF
GE Capital Equipment Finance Holdings	100%	1 More London Place, London, SE1 2AF
Kenco Rentals Ltd	100%	1 More London Place, London, SE1 2AF
GE Real Estate Finance Holdings	100%	1 More London Place, London, SE1 2AF
GE Real Estate European Finance Limited	100%	1 More London Place, London, SE1 2AF
NMB-Heller Trade Finance Limited	100%	1 More London Place, London, SE1 2AF
GE Leveraged Loans Limited	100%	1 More London Place, London, SE1 2AF
GE Capital UK Limited	100%	1 More London Place, London, SE1 2AF
GE Money Home Lending Investments Limited	100%	30 Finsbury Square, London, EC2A 1AG
GE Capital Energy Funding Limited	100%	1 More London Place, London, SE1 2AF
GE Capital TLS Ltd	100%	1 More London Place, London, SE1 2AF
TIPHOOK GROUP	100%	1 More London Place, London, SE1 2AF
GE Capital Rail Limited	100%	1 More London Place, London, SE1 2AF
Danwood Financial Services Limited	100%	1 More London Place, London, SE1 2AF
Consolidated Insurance Holdings Limited	100%	1 More London Place, London, SE1 2AF
GE Capital Corporation (Investment Properties) Limited	100%	1 More London Place, London, SE1 2AF
GE (Sigma) Holding Ltd	100.00%	1 More London Place, London, SE1 2AF
GE Capital Sigma Holding Ltd	100%	3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT
T.I.P. Europe Limited	100%	1 More London Place, London, SE1 2AF
NATIONWIDE CREDIT CORPORATION LIMITED	100%	30 Finsbury Square, London, EC2A 1AG
GE Capital Corporation (Funding) Limited	100%	1 More London Place, London, SE1 2AF

Key Leasing Limited

Appendix 1: Fixed asset Investments

GE Capital Solutions Europe Limited	100%	1 More London Place, London, SE1 2AF
GE Capital Corporation (Leasing) Limited	100%	1 More London Place, London, SE1 2AF
GE Commercial Financial Services Real Estate Properties Limited	100%	1 More London Place, London, SE1 2AF
GE Commercial Finance Limited	100%	1 More London Place, London, SE1 2AF

Details of the company's indirect holdings as at 31 December 2020 are as follows:

Name	**Percentage of shares held**	**Registered Office**
Custom Fleet Limited	100%	1 More London Place, London, SE1 2AF
TCR (Number 1) Ltd	100%	1 More London Place, London, SE1 2AF
GE Keynes Holdings Limited	100%	1 More London Place, London, SE1 2AF