

**Key Retirement Group Limited
(formerly KRS Investment Holdings
Limited)**

Company number 5591985

Report and Financial Statements

Year Ended

31 December 2015



Key Retirement Group Limited

Annual Report and Financial Statements for the year ended 31 December 2015

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Directors

Dean Mirfin
Richard Overson
Colin Taylor

Secretary and registered office

Stephen Kilgallon
Baines House
Midgery Court
Pittman Way
Fulwood
Preston
PR2 9ZH

Company number

5591985

Auditors

BDO LLP, 3 Hardman Street, Spinningfields, Manchester M3 3AT

Key Retirement Group Limited

Strategic report for the year ended 31 December 2015

The Directors present their strategic report for the year ended 31 December 2015.

Business review

The principal activity of the Company is that of a holding company.

The main transaction within the financial statements of the company is a dividend received from Group undertaking of £4,841,388 and the payment of an interim dividend of £4,841,388.

Financial instruments

The main financial risks arising from the Company's activities are liquidity and credit risks. These are monitored regularly by the Board of Directors and appropriate measures put in place to mitigate the risks. The risks associated with the financial instruments are inherently linked to the performance of the regulated subsidiaries and this is discussed further below.

The Group maintains accessible bank deposit accounts to ensure the group has sufficient funds for operations. The cash deposits are held in a mixture of short term deposits and current accounts which earn interest at a floating rate.

Principal Risks and Uncertainties

Within the Group there are eight (2014: six) companies regulated by the FCA. The FCA sets the regulatory environment in which these companies operate. The Group keeps abreast of any potential changes on a daily basis by monitoring various websites and how they impact the Group companies, including the FCA latest publication website. Any items which are viewed to potentially have an impact are immediately circulated to the relevant parties. In addition, a summary of the publications which could affect the business is provided to the board on a monthly basis. This process ensures that any FCA changes are implemented in a timely manner. The Company monitors its compliance with FCA capital adequacy requirements and tests. Within our 2016 business plan, these are all satisfied.

The board has taken into account the current market conditions and believes that property prices will increase modestly during 2016 and 2017. The impact of this has been factored into the plans of the Company for 2016 and 2017. Over the longer term, the prospects for growth are positive. Whilst the aged 65 population curve stabilises, the number of pensioner households owning their home outright is expected to increase until 2020 and beyond.

On behalf of the board



C Taylor
Director

Date 20 April 2016

Key Retirement Group Limited

Directors' report for the year ended 31 December 2015

The Directors present their report together with the audited financial statements for the year ended 31 December 2015.

Results and dividends

The Statement of Comprehensive Income is set out on page 5 and shows the profit for the year.

An interim dividend of £4,841,388 was paid during the year (2014: £3,529,342). The Directors do not propose the payment of a final dividend.

Principal activities

The principal activity of the Company is that of a holding company. On 20 May 2015 the company changed its name from KRS Investment Holdings Limited to Key Retirement Group Limited.

Directors' and officers' insurance

The Company's ultimate parent company, Key Group Topco Limited, maintains cover with respect to Directors' and officers' indemnity insurance. This insurance covers them in their roles as Directors of this Company.

Directors

The Directors of the Company who served during the year and up to the date of signing the financial statements are:

Dean Mirfin
Richard Overson
Colin Taylor

Key Retirement Group Limited

Directors' report for the year ended 31 December 2015 (*Continued*)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. 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 then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- 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.

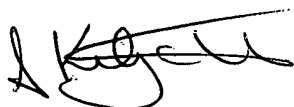
Auditors

Each of the Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

BDO LLP have expressed their willingness to continue in office. A resolution to re-appoint BDO LLP will be proposed at the annual general meeting.

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006. As such, the Company is exempt from preparing a strategic report.

By order of the board



S Kilgallon
Secretary

Date 20 April 2016

Key Retirement Group Limited

Independent auditors' report

Independent auditors' report to the members of Key Retirement Group Limited

We have audited the financial statements of Key Retirement Group Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditors' 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.

Respective responsibilities of Directors and auditors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Key Retirement Group Limited

Independent auditors' report (*Continued*)

Matters on which we are required to report by exception

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



Julien Rye (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

Manchester

Date: 22 April 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Key Retirement Group Limited

Statement of Comprehensive Income for the year ended 31 December 2015

	Note	2015 £	2014 £
Administrative expenses		<u>(93)</u>	<u>(93)</u>
Operating loss	3	(93)	(93)
Income from shares in group undertakings	5	<u>4,841,388</u>	<u>3,529,342</u>
Profit before taxation		4,841,295	3,529,249
Taxation on profit on ordinary activities	4	<u>(4)</u>	<u>(19)</u>
Profit for the financial year		<u>4,841,291</u>	<u>3,529,230</u>

The results stated above are all derived from continuing operations.

There are no items of other comprehensive income in the current or prior year other than those recorded in the Statement of Comprehensive Income.

The notes on pages 9 to 14 are an integral part of these financial statements.

Key Retirement Group Limited

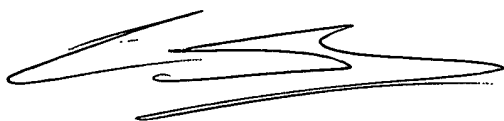
Statement of Financial Position as at 31 December 2015

	Note	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Investments in Group undertakings	6		1		1
Current assets					
Trade and other debtors	7	1,291,887		503	
Cash at bank and in hand		<u>2,970</u>		<u>3,062</u>	
		1,294,856		3,565	
Creditors: amounts falling due within one year	8	(1,292,098)		(710)	
Net current assets			<u>2,758</u>		<u>2,855</u>
Net assets			<u>2,759</u>		<u>2,856</u>
Capital and reserves					
Called up share capital	10		1,003		1,003
Profit and loss account			<u>1,756</u>		<u>1,853</u>
Total equity			<u>2,759</u>		<u>2,856</u>

The notes on pages 9 to 14 are an integral part of these financial statements.

The financial statements on pages 5 to 14 were approved by the Board of Directors on 20 April 2016 and were signed on its behalf by:

20 April 2016



C Taylor
Director

Company registration no: 5591985

Key Retirement Group Limited

Statement of Changes in Equity as at 31 December 2015

	Note	Share capital £	Retained earnings £	Total equity £
Balance at 1 January 2014	10	1,003	1,965	2,968
<i>Comprehensive income</i>				
Profit and total comprehensive income for the year		-	3,529,230	3,529,230
<i>Transaction with owners</i>				
Dividends paid	5	-	(3,529,342)	(3,529,342)
Balance at 1 January 2015	10	1,003	1,853	2,856
<i>Comprehensive income</i>				
Profit and total comprehensive income for the year		-	4,841,291	4,841,291
<i>Transaction with owners</i>				
Dividends paid	5	-	(4,841,388)	(4,841,388)
Balance at 31 December 2015		1,003	1,756	2,759

The notes on pages 9 to 14 are an integral part of these financial statements.

Key Retirement Group Limited

Notes to the Financial Statements for the year ended 31 December 2015

1 Basis of preparation

Key Retirement Group Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the Directors' report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

These financial statements are the first financial statements prepared under FRS 102. The date of transition is 1 January 2014. There have been no restatements required to the financial statements on the first-time adoption of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Going concern

After reviewing the Company's forecasts and projections to December 2017, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2 Principal accounting policies

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.

Consolidated financial statements

The Company is exempt from preparing consolidated financial statements on the grounds that it qualifies under the Companies Act 2006 as a wholly owned subsidiary of Key Group Topco Limited, a company registered in England and Wales, for which consolidated financial statements are prepared. These financial statements therefore present information about the Company as an individual undertaking, and not about its group.

Cash flow statement

Under the provisions of FRS 102, the Company has not prepared a cash flow statement because its ultimate parent undertaking, Key Group Topco Limited, which is incorporated in England and Wales, has prepared consolidated financial statements which include the financial statements of the Company for the year and contain a consolidated cash flow statement.

Taxation

The charge for taxation is based on the profit for the year and taking into account taxation deferred. Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the date of the Statement of Financial Position.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except for deferred tax assets which are only recognised to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

Key Retirement Group Limited

Notes to the Financial Statements for the year ended 31 December 2015 (Continued)

2 Principal accounting policies (continued)

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments

3 Operating loss

Auditors' remuneration

Fees payable to the Company's auditors for the audit of Key Retirement Group Limited are borne by Key Group Topco Limited, the Company's ultimate parent company. In the Directors' opinion a reasonable allocation of the audit fee to Key Retirement Group Limited would be £500 (2014: £500).

4 Taxation on profit on ordinary activities

	2015 £	2014 £
<i>Deferred tax</i>		
Origination and reversal of timing differences	4	19
	<u>4</u>	<u>19</u>

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

	2015 £	2014 £
Profit on ordinary activities before tax	4,841,295	3,529,249
Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	980,196	758,547
Effects of:		
Group relief surrendered	19	20
Income not taxable	(980,215)	(758,567)
Adjust closing deferred tax to average rate of 20.25%	4	-
Adjustment to tax charge in respect of prior periods (deferred tax)	-	19
Total tax charge	<u>4</u>	<u>19</u>

Key Retirement Group Limited

Notes to the Financial Statements for the year ended 31 December 2015 (Continued)

5 Dividends

	2015 £	2014 £
<i>Ordinary shares</i>		
Interim paid £51.48 per share (2014: £37.53)	4,841,388	3,529,342
	<u>4,841,388</u>	<u>3,529,342</u>

6 Investments in Group undertakings

	2015 £	2014 £
Investments in Group undertakings	1	1
	<u>1</u>	<u>1</u>

The principal undertakings in which the Company's effective interest at the year-end is 20% or more are as follows:

	Country of Incorporation	Class of Share capital held	Proportion of share capital held	Nature of business
<i>Subsidiary undertakings</i>				
1) KRS Finance Limited	England & Wales	Ordinary	100%	Holding Company
2) KRS Group Limited *	England & Wales	Ordinary	100%	Holding Company
3) Key Retirement Solutions Limited *	England & Wales	Ordinary A Ordinary B	100% 100%	Financial Services – mortgage brokers
4) Key Partnerships Limited *	England & Wales	Ordinary	100%	Financial Services – dormant
5) More 2 Life Limited *	England & Wales	Ordinary	100%	Financial Services – mortgage lender
6) More 2 Life SPV 1 Limited *	England & Wales	Ordinary	100%	Financial Services – dormant
7) More 2 Life Asset SPV 2 Limited *	England & Wales	Ordinary	100%	Financial Services – dormant
8) KRS Services Limited *	England & Wales	Ordinary	100%	Financial Services – services company

Key Retirement Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 *(Continued)*

6 Investments in Group undertakings (continued)

		Country of Incorporation	Class of Share capital held	Proportion of share capital held	Nature of business
<i>Subsidiary undertakings</i>					
9)	Equity Release Assured Limited *	England & Wales	Ordinary	100%	Financial Services – mortgage broker
10)	Annuity People Limited *	England & Wales	Ordinary	100%	Financial Services – annuity broker
11)	The Annuity Place Limited *	England & Wales	Ordinary	100%	Financial Services - dormant
12)	Home Equity Release Service Limited *	England & Wales	Ordinary	100%	Financial Services – mortgage broker
13)	Key Money Limited *	England & Wales	Ordinary	100%	Financial Services - dormant
14)	Prime Time Retirement Group Limited	England & Wales	Ordinary	79%	Financial Services – annuity broker
15)	Prime Time Retirement Limited *	England & Wales	Ordinary	79%	Financial Services – annuity broker
16)	Key Move Property Services Limited *	England & Wales	Ordinary	60%	Estate Agency
17)	Key Secured Lending Limited *	England & Wales	Ordinary	100%	Financial Services – secured loan broker
18)	More 2 Life Retirement Income Limited *	England & Wales	Ordinary	100%	Financial Services – dormant
19)	The Retirement Lending Advisers Limited*	England & Wales	Ordinary	100%	Financial Services – mortgage broker

* Interest in these subsidiaries are held indirectly through other Group companies.

On 9 November 2015 KRS Finance Limited increased its shareholding in Primetime Retirement Group Limited (PRGL) by 4% to 64%. On 10 December 2015 it further increased its shareholding in PRGL by 15% to 79%.

Key Retirement Group Limited

Notes to the Financial Statements for the year ended 31 December 2015 (*Continued*)

7 Trade and other debtors

	2015 £	2014 £
Other debtors	3	3
Amounts due from Group undertakings	1,291,848	460
Deferred tax (note 9)	36	40
	<u>1,291,887</u>	<u>503</u>

All amounts shown under debtors fall due for payment within one year. Amounts owed by Group undertakings are unsecured, interest free, and are repayable on demand.

8 Creditors: amounts falling due within one year

	2015 £	2014 £
Amounts due to Group undertakings	1,292,098	710
	<u>1,292,098</u>	<u>710</u>

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

9 Deferred taxation

	£	
At 1 January 2015	40	
Charge for the year	(4)	
At 31 December 2015	<u>36</u>	
<i>Deferred taxation</i>		
	2015	2014
	£	£
Tax losses carried forward and other deductions	36	40
	<u>36</u>	<u>40</u>

Key Retirement Group Limited

Notes to the Financial Statements for the year ended 31 December 2015 (Continued)

10 Share capital

Allotted, called up and fully paid

		2015 £	2014 £
54,001	"A" Ordinary shares of £0.01 each	540	540
40,034	"C" Ordinary shares of £0.01 each	401	401
6,220	Deferred shares of £0.01 each	62	62
		<u>1,003</u>	<u>1,003</u>

All "A" and "C" shares rank 'pari passu'. The deferred shares are worthless and do not have rights to income or to vote at meetings.

11 Related Party transactions

Key management personnel is composed of the Directors, who have authority and responsibility for planning, directing and controlling the activities of the Company. The total compensation paid to key management personnel for services provided to the Company was £nil (2014: £nil).

The Company has taken advantage of the related party transaction disclosure exemption available to it under FRS 102, not to disclose transactions between the company and other wholly owned members of the group headed by Key Group Topco Limited.

12 Ultimate parent company

At 31 December 2015 the Company's immediate parent was Key Group Bidco Limited and the company's ultimate parent was Key Group Topco Limited

Key Group Topco Limited is the parent of the smallest and largest group of which the company is a member and for which consolidated financial statements are prepared. Copies of the consolidated financial statements can be obtained from Baines House, Midgery Court, Pittman Way, Fulwood, Preston, PR2 9ZH.

The ultimate controlling party is Phoenix Equity Partners 2010 Limited Partnership by virtue of their majority shareholding of Key Group Topco Limited.