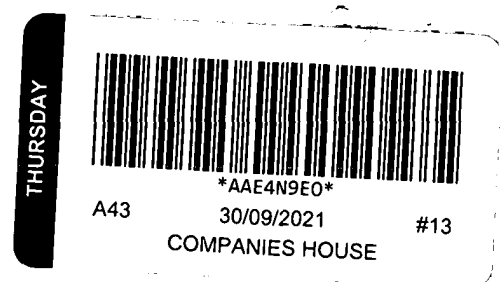


AMENDING

REGISTERED NUMBER: 07832465 (England and Wales)

**Report of the Director and
Financial Statements
for the year ended 31 December 2020
for
Key Bidco Limited**



Key Bidco Limited
Contents

	Page
Company information	1
Directors' report	2
Statement of Directors' responsibilities	5
Independent auditor's report	6
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

Key Bidco Limited
Company Information

Directors

S I Hooper
I R Sutherland
C A M Warre

Registered office

Elmbrook House
18 – 19 Station Road
Sunbury on Thames
Surrey
TW16 6SU

Bankers

Royal Bank of Scotland
280 Bishopsgate
London
EC2M 4RB

Independent Auditor

PKF Littlejohn LLP
15 Westferry Circus
London
United Kingdom
E14 4HD

Company number

07832465

Complete Cover Group Limited
Directors' report
for the year ended 31 December 2020

The Directors present their report, together with the audited financial statements for the year ended 31 December 2020.

The Directors' report has been prepared in accordance with the special provisions relating to small companies entitled to the small companies' exemption.

The Director of the Company is exempt from preparing a Strategic Report under the small companies exemptions set out in Section 414B.

Principal activity

The principal activity of the Company in the period under review was that of holding company. The Company is a member of the Ormiston Holdco Limited group of companies (the 'Group'), comprising an insurance intermediary group in the UK and an Underwriting business in Gibraltar.

Review of the business

The results of the Company for the year to 31 December 2020 are set out in the Statement of Comprehensive Income.

On 24 January 2020, following regulatory approvals, the Group was acquired by Ormiston Holdco Limited, a new holding company backed by private funds. As a result of the transaction, all existing debt facilities owed to RBS and Close Brothers were repaid and existing shareholder debt written off; this created a virtually debt free capital structure in the Group. The acquisition was a positive step for the Group with the new shareholder very quickly introducing new capital to the underwriting business to support growth and supporting investment plans in the broker to replatform its operation. Following the recruitment of additional senior managers to augment the current team, the business is now well placed as it enters 2021 to continue to grow its market share.

The loss after tax for the financial year to 31 December 2020 is £1.2 million (2019 loss: £3.1 million), mainly due to intercompany interest charges of £1.0m.

Directors

The directors who have held office during the year to 31 December 2020 and to the date of this report are as follows:

A D Maynard (Resigned 24 January 2020)

J R H Cumming (Resigned 31 May 2020)

S I Hooper (Appointed 30 May 2020)

I R Sutherland (Appointed 21 July 2020)

C A M Warre (Appointed 3 June 2020)

Directors' Indemnity

The Company has provided qualifying third-party indemnities for the benefit of its Directors. These were provided during the year and remain in force at the date of this report.

Financial Instruments

The Company's operations expose it to a variety of financial risks that include credit risk and liquidity risk. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company by monitoring levels of debt and daily cash flow forecasting. The Company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied. The finance department has a policies and procedures to manage credit risk, and circumstances where it would be appropriate to use financial institutions to manage these.

Dividends

No dividends have been paid in the year to 31 December 2020 (2019: £nil).

The Directors do not recommend payment of a final dividend on the ordinary shares for the year to 31 December 2020 (2019: £nil).

Going Concern and Covid-19

The Directors have continued to consider the impact that Covid-19 has had and will have on the Company, which is detailed in Note 3 of the Financial Statements. Although Covid-19 developments remain fluid, trading to date has illustrated the Company's financial resilience and operating flexibility. Following the assessment of the Company's financial position and its ability to meet its obligations as and when they fall due (including the potential financial implications of the Covid-19 pandemic included in stress tests, and the wider operational consequences and ramifications of the pandemic), the Directors are not aware of any material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

Accordingly, while acknowledging the current guidance on going concern, including that from the Financial Reporting Council (FRC) and its recent Covid-19 guidance, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Complete Cover Group Limited
Directors' report
for the year ended 31 December 2020

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations as they fall due. The most important components of financial risk for the Company is liquidity/cash flow risk.

i) Liquidity/cash flow risk

Liquidity and cash flow risk is the risk that cash may not be available to pay obligations when due. The Company carefully monitors levels of cash and the Directors make use of forecasts and budgets to monitor and control working capital requirements.

Post Balance Sheet Events and Future Developments

On 25 February 2021, the Group announced a joint venture with Abacai Holdings Ltd. Abacai will invest an initial £50m in the creation of an entirely new AI-based insurtech platform which will form part of the Ormiston Holdco Limited Group. Augmenting this platform, the Group will become an active participant in sector M&A, to expand its footprint at pace and enter additional markets. Furthermore, Abacai will benefit from the support of Munich Re as a long-term strategic partner for data analytics for underwriting/pricing and reinsurance. Digital first and customer centric, Abacai will initially address the immediate opportunity in the non-standard and prime segments of UK motor insurance market, before scaling and diversifying into other segments and geographies. The Group will leverage the synergies that exist between the current broking businesses and the new platform to develop competitive advantage at each stage in the insurance value chain, including distribution, underwriting, data analytics, investment management and capital management.

On 8 March 2021, the Group announced the acquisition of Dayinsure. Founded in 2005, Dayinsure has grown consistently to become a leading provider of temporary motor insurance cover in the UK for car, van, motorhome and business drivers and has strengths in IT and data analytics. The Group will retain Dayinsure as a standalone go-to-market business. The acquisition will complement the existing insurance broking businesses within the Group, increasing footprint and accelerating development across broking.

Political donations

During the year to 31 December 2020 no donations were made to political parties. (2019: £nil).

Provision of Information to Auditor

So far as each of the Directors is aware at the time this report is approved:

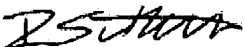
- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

PKF Littlejohn LLP has signified its willingness to continue in office and their re-appointment was ratified by the Board on 6 May 2021.

On behalf of the board:



I R Sutherland - Director
10 September 2021

Key Bidco Limited
Statement of Directors' responsibilities
for the year ended 31 December 2020

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the 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; and
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements

The directors 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.

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 group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Key Bidco Limited
Independent auditor's report
for the year ended 31 December 2020

Opinion

We have audited the financial statements of Key Bidco Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the 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 FRS 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 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 director's 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Key Bidco Limited
Independent auditor's report
for the year ended 31 December 2020

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 or the directors' report.

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

- adequate accounting records have not been kept, 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 directors' responsibilities statement, 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.

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

- We obtained an understanding of the company and the laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and application of audit knowledge and experience of the Company.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from Companies Act 2006, FRS 102 and UK taxation regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included:
 - Discussion with Management of any known, or suspected instances of non-compliance by the Company of those laws and Regulations.
 - Discussion with management of any, or suspected, incidence of fraud.
 - Review of financial statement disclosures and testing supporting documentation to assess compliance with applicable law and regulations.
 - Review of minutes of the board of directors and other correspondence as deemed appropriate.
- We also identified the risks of material misstatement of the financial statements due to fraud as those arising from management override of controls. We have addressed this risk by performing audit procedures which included testing of journals, reviewing material accounting estimates for evidence of bias in relation to impairment of investments, evaluating the business rationale of any significant transactions that are unusual or outside normal course of business that came to our attention and preliminary and final analytical review to identify any unusual or expected financial relationships or variances.

Key Bidco Limited
Independent auditor's report
for the year ended 31 December 2020

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

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.

Use of our report

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



John Needham (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

15 September 2021

Key Bidco Limited
Statement of Comprehensive Income
for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover		-	-
Cost of sales		-	-
Gross profit			-
Administrative expenses		(126)	(1,658)
Operating loss			(1,658)
Finance costs	6	(1,069)	(1,444)
Loss before tax	7	(1,195)	(3,102)
Tax on loss	8	-	-
Loss after tax and loss for the financial year		(1,195)	(3,102)
Other comprehensive income			
Deferred tax movement		-	-
Loss and total comprehensive income for the year		(1,195)	(3,102)

All operating results derive from continuing operations. The notes on pages 11 to 21 also form part of these financial statements.

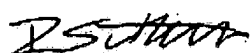
Key Bidco Limited
Balance Sheet
for the year ended 31 December 2020

	Note	2020 £000	Restated* 2019 £000
Fixed assets			
Investments	9	4,680	4,680
Current assets			
Debtors	10	-	19
Creditors			
Amounts falling due within one year	11	(23,939)	(22,763)
Net current liabilities		(23,939)	(22,763)
Total assets less current liabilities			(18,064)
Creditors			
Amounts falling due after more than one year	12	-	-
Net assets		(19,259)	(18,064)
Capital and reserves			
Called up share capital	14	5	5
Share premium account		36,329	36,329
Profit and loss account		(55,956)	(54,761)
Capital redemption reserve		363	363
Shareholders' (deficit) / funds		(19,259)	(18,064)

*See note 13.

The notes on pages 11 to 21 also form part of these financial statements.

The financial statements of Key Bidco Limited, company registration number 07832465, were approved and authorised for issue by the Board of Directors on 8 September 2021. They were signed on its behalf by:



I R Sutherland – Director
10 September 2021

Key Bidco Limited
Statement of Changes in Equity
for the year ended 31 December 2020

	Note	Called-up share capital	Share premium	Restated* Profit and loss account	Capital redemption reserve	Total
		£000	£000	£000	£000	£000
At 1 January 2019		5	36,329	(51,515)	363	(14,818)
(Loss) and total comprehensive income for the year				(3,246)		(3,246)
At 31 December 2019		5	36,329	(54,761)	363	(18,064)
(Loss) and total comprehensive income for the year				(1,195)		(1,195)
At 31 December 2020		5	36,329	(55,956)	363	(19,259)

*See note 15.

The notes on pages 11 to 21 also form part of these financial statements.

Key Bidco Limited
Notes to the financial statements
for the year ended 31 December 2020

1. General information

Key Bidco Limited is a company incorporated in England & Wales under the Companies Act. The Company is a private Company limited by shares and is registered in England. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Director's report on page 6.

2. Statement of compliance

The individual financial statements of Key Bidco Limited Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant 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.

Basis of Preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or area Company's s where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review which forms part of the Director's Report. The Director's Report also describes the financial position of the Company, its cash flows, liquidity risk and the Company's objectives. Policies and processes for managing its capital, its financial risk, management objectives, exposure to credit and liquidity risk are in place.

The Directors consider the going concern basis to be appropriate following their assessment of the Company's and its Retail Broker subsidiaries financial position and its ability to meet its obligations as and when they fall due. In making the going concern assessment the Directors have taken into account the following:

- The current capital structure and liquidity of the Company and its cash flow forecasts over the calendar years 2020 and 2021.
- The principal risks facing the Group, including the potential financial and operational impacts of Covid-19, and its systems of risk management and internal control.

Key assumptions that the Directors have made in preparing the base case cash flow forecasts are that:

- The £1 million Development facility with Close Brothers Limited was repaid by 31 January 2021.
- The Retail Broker will rely on the use of some of the Covid-19 business support measures announced by the Government.
- Client retention and renewal rates are expected to be robust, despite the likely economic downturn.

The Directors have continued to stress test the business plans and forecasts in order to quantify the impact of any sustained shortfalls in revenue as a result of a deterioration in new business sales, increases in cancellations and future renewal retention. Mitigating actions such as a reduction in discretionary spend, delayed spend and headcount reductions are considered. The financial impact on the Broker's solvency and liquidity is considered in all stress cases. The Directors have also considered the wider operational consequences and ramifications of the Covid-19 pandemic. Business Continuity Plans are in place across each of the Retail Broker's operating segments, with measures to manage employee home working for our entire employee base. These are working effectively. Leadership teams and working groups led by senior managers are in place to support operational resilience and taking common sense precautions with a view to ensuring the wellbeing of colleagues. The Company continues to review this approach daily in line with latest global developments and government guidance.

Key Bidco Limited
Notes to the financial statements
for the year ended 31 December 2020

Foreign currencies

The Company's functional and presentational currency is the pound sterling.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are offset only where there is a legally enforceable right to set off the amounts and the Company intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred taxation

Deferred tax is provided in full on timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of items of gains and losses in taxation assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are only offset when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are not discounted.

Management fees

Management fees are stated net of VAT received and represent the value of services provided under contracts to the extent that there is a right to consideration and are recorded at the fair value of the consideration received or receivable.

Interest and investment income

Interest income is recognised on an accruals basis.

Interest payable

Interest payable is recognised on an accruals basis.

Investments

Investment in subsidiaries are measured at cost less impairment.

Key Bidco Limited
Notes to the financial statements
for the year ended 31 December 2020

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 the profit and loss as described below.

i) Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that have 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 carrying amount higher than the carrying value had no impairment been recognised.

ii) Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the assets 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.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

i) Financial assets and liabilities

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 the profit and loss, which are initially measured at fair value, which is normally excluding transaction costs, unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set-off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

Key Bidco Limited
Notes to the financial statements
for the year ended 31 December 2020

- a) The contractual return to the holders are (i) a fixed amount; or (ii) a positive fixed rate of return or a positive variable rate; or a combination of a positive or a negative fixed rate and a positive variable rate.
- b) The contract may provide for repayments of the principal or return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a)
- d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through the profit and loss.

Commitments to make and receive loans which meet these conditions mentioned above are measured at cost (which maybe nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial assets expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise the ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged cancelled or expires.

4. Critical judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The director confirms that there are no significant judgements in accounting policies. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Company is a holding company only with no trading activities, the director considers the business is not sensitive to Brexit.

The Directors have considered the impact that Covid-19 will have on the Company and key sources of estimation uncertainty. The Directors consider there is no impact on the carrying amount of assets and liabilities for the year end 31 December 2020.

Key sources of estimation uncertainty

i) Impairment of fixed asset investments

The carrying amount of investments at the balance sheet date is £4.7 million (2019: £4.7 million). There are no indications to suggest that the carrying value of investments has been impaired at the balance sheet date.

Key Bidco Limited
Notes to the financial statements
for the year ended 31 December 2020

5. Staff costs

There were no staff costs for the year ended 31 December 2020 (2019:£nil). Services that were required were provided by employees of Complete Cover Group Limited, a subsidiary undertaking. It is not practical to allocate the cost of their services to the Company.

6. Finance cost

	2020	2019
	£000	£000
Interest payable and similar charges	35	305
Bank loan interest payable	1,034	1,271
Interest payable on inter-group loans	<u>1,034</u>	<u>1,576</u>
		1,576
Less: Interest receivable on inter-group loan	-	(132)
Finance cost	<u>1,069</u>	<u>1,444</u>

7. Loss on ordinary activities before taxation

Information regarding directors, employees and audit fees

Certain directors were employees of another Group subsidiary, Complete Cover Group Limited, and were remunerated by that Company for services to the Group as a whole and received no remuneration for services as a director of this Company.

The Company had no other employees during the current and prior periods.

	2020	2019
	£000	£000
The analysis of the auditor's remuneration is as follows:		
- Fees payable to the company's current auditor and their associates for the audit of the company's annual accounts:	-	-
- The audit of the company's annual accounts	6	6
Total audit fees	<u>6</u>	<u>6</u>
- Tax compliance services by Company auditor	-	-
- Tax compliance services with other advisors	61	74
- The audit of the company's annual accounts previous auditor	-	-
Total non-audit fees	<u>61</u>	<u>74</u>

The company also bears audit costs for its holding company Key Midco Ltd of £6,000 and Key Topco Ltd of £30,000.

Key Bidco Limited
Notes to the financial statements
for the year ended 31 December 2020

8. Taxation

The tax charge on the loss on ordinary activities for the year was as follows:

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

Tax rate reconciliation

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of corporation tax in the UK to the loss before tax is as follows:

	2020	2019
	£000	£000
Profit/(loss) on ordinary activities before tax	(1,195)	(3,102)
Tax at standard UK corporation tax rate of 19.0% (2019: 19.0%)	(227)	(589)
Effect of:		
Expenses not deductible for tax purposes	2	241
Unrecognised deferred tax	225	113
Effects of group relief/other reliefs	-	235
Current tax charge/(credit)	-	-

The Finance Act 2016 included a reduction in the main rate of UK corporation tax from 19% to 17% from 1 April 2020. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19%. As this was not substantially enacted by the balance sheet date, deferred tax balances as at 31 December 2020 continue to be measured at 19%. In the March 2021 budget the UK Government announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. As this was not substantially enacted by the balance sheet date, deferred tax balances as at 31 December 2020 continue to be measured at 19%.

Key Bidco Limited
Notes to the financial statements
for the year ended 31 December 2020

9. Fixed asset investments

	Shares in subsidiary undertakings £000
Shares in subsidiary undertakings	
Cost	
At 31 December 2020 and 1 January 2020	<u>45,714</u>
Provision for impairment	
At 1 January 2020	41,034
Impairment	-
At 31 December 2020	<u>41,034</u>
Carrying value 31 December 2020	<u>4,680</u>
Carrying value 31 December 2019	<u>4,680</u>

The Company has investments in the subsidiary undertakings listed below:

Name	Country of incorporation	Principal activity	Share holding	% owned	
				2020	2019
Complete Cover Group Limited	England & Wales	Insurance intermediary	Ordinary	100	100
Hyperformance Limited	England & Wales	Insurance intermediary	Ordinary	100	100
Mulsanne Holdings (Gibraltar) Limited ¹	Gibraltar	Holding company	Ordinary	98.15	100
Mulsanne Insurance Company Limited ²	Gibraltar	Insurance underwriter	Ordinary	46.24	100
Insure Your Motor Limited ³	England & Wales	Dormant	Ordinary	100	100

¹ Indirectly owned through Complete Cover Group Limited.

² Indirectly owned through Mulsanne Holdings (Gibraltar) Limited.

³ Indirectly owned through Hyperformance Limited.

On 14 and 30 April 2020, Mulsanne Holdings (Gibraltar) Limited issued 700 preference shares to a related party of the Company which reduced the Company's indirect investment in its subsidiary by 1.85%.

On 31 December 2020, an investment was made by the Company's ultimate holding company, Ormiston Holdco Limited directly in Mulsanne Insurance Company Limited which changed indirect ownership from 98.15% to 46.24%.

Notwithstanding the reduction in shareholding, Mulsanne Insurance Company limited continues to be classed as an indirect subsidiary of the Company on the basis that control is exercised by the KeyTopco Limited Board.

On 31 March 2021, a further investment by Ormiston Holdco Limited in Mulsanne Insurance Company Limited has further reduced the Company's shareholding in Mulsanne Insurance Company to 43.34%.

The registered office address for companies incorporated in Gibraltar is Grand Ocean Plaza, Ocean Village, Gibraltar.

Subsidiary undertakings have not been consolidated by the Company as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of Key Topco Limited.

Key Bidco Limited
Notes to the financial statements
for the year ended 31 December 2020

The registered office address for companies incorporated in England and Wales is Elmbrook House, 18-19 Station Road, Sunbury-on-Thames, Surrey TW16 6SU.

The registered office address for companies incorporated in Gibraltar is Grand Ocean Plaza, Ocean Village, Gibraltar. Subsidiary undertakings have not been consolidated by the Company as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of Key Topco Limited.

10. Debtors

	2020	2019
	£000	£000
Other debtors	-	19
	<u>-</u>	<u>19</u>

11. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Secured multi-currency bank loan 2020 (note 13)	-	2,290
Secured development loan 2020 (note 13)	160	2,413
Amounts owed to Group undertakings	23,779	16,535
Accruals and deferred income	-	1,381
	<u>23,939</u>	<u>22,619</u>

Amounts owed to fellow group undertakings comprises unsecured inter-group financing and interest is payable at a variable rate of base rate + 6%. Balances are repayable on demand. At the balance sheet date, there was £10.9m owed to subsidiary Complete Cover Group Limited, £6.1m owed to holding company Key Midco Limited, £6.4m owed to Key Topco Limited, and £0.3m owed to subsidiary Hyperformance Limited.

12. Creditors: Amounts falling due after more than one year

	2020	2019
	£000	£000
Secured multi-currency bank loans 2020 (note 11)	-	-
Secured development loans facility 2020 (note 11)	-	-
	<u>-</u>	<u>-</u>

13. Loans

	2020	2019
	£000	£000
Secured bank loans		
Between one and two years	-	-
Between two and five years	-	-
	<u>-</u>	<u>-</u>
On demand or within one year	160	4,703
	<u>160</u>	<u>4,703</u>

Secured bank loans and bank borrowings

On 6th May 2020, the Company raised £1.0 million from Close Brothers in the form of a new Development Loan facility. This was agreed as part of wider renegotiation of the Group's strategic partnership with Close Brothers. A guarantee for the facility has been provided by Complete Cover Group Limited and Hyperformance Limited. The facility was repayable in nine instalments up to and including 01 January 2021, interest was payable at a fixed rate of 4%. The amount drawn-down had been invested in the Group's broker, Complete Cover Group Limited. Secured borrowings at 31 December 2020, amounted to £160,000 (2019: nil).

Key Bidco Limited
Notes to the financial statements
for the year ended 31 December 2020

On 27 April 2016, the Group's subsidiary undertaking, Key Bidco Limited, entered into a Development Facility with Close Brothers Limited of £3.2 million that was fully drawn down in two separate facilities, Facility A and Facility B, on this date. Following an amendment and restatement of the facilities in October 2018, Facility A was repayable in instalments up to and including 31 December 2020. Facility B was repayable in full on the 31 December 2020. Interest was payable on Facility A at a fixed rate of 5.79% and on Facility B at a fixed rate of 6.29%. All amounts drawn-down had been invested in the Group's insurer, Mulsanne Insurance Company Limited. This facility was subordinate to the fixed and floating charge held by The Royal Bank of Scotland in respect of its secured loans.

All the above loans were settled on 24 January 2020 by the Group ultimate controlling party, Ormiston Holdco Limited. The Company confirms nil loan and loan interest liabilities to the Royal Bank of Scotland and Close Brothers Limited after 24 January 2020 in relation to these facilities.

Secured development loans were stated net of unamortised issue costs of £nil (2019: £18,000). The costs were being allocated to the Statement of Comprehensive Income over two and three-quarter years.

14. Called up share capital and reserves

Description	2020 Number	2019 Number	2020 £000	2019 £000
Ordinary shares of £0.01 each	-	-	-	-
Ordinary shares of £0.001 each	3,662,500	3,662,500	4	4
B1 Ordinary shares of £0.001 each	70,168	70,168	-	-
B2 Ordinary shares of £0.025 each	60,000	60,000	1	1
Total	3,792,668	3,792,668	5	5

B1 ordinary shares and B2 ordinary shares constitute B ordinary shares.

Provided the aggregate amount which has been paid to Ordinary shareholders by way of dividend, other distribution or return of capital is at least £38.0 million the Board may then at its discretion resolve to distribute such amounts as it considers appropriate to B ordinary shareholders. On a return of capital surplus assets should be distributed amongst shareholders as follows:

- i) The first £38.0 million to Ordinary shareholders;
- ii) The next £12.0 million, 85% to Ordinary shareholders and 15% to B Ordinary shareholders;
- iii) The next £10.0 million, 89% to Ordinary shareholders and 11% to B Ordinary shareholders;
- iv) The next £25.0 million, 88% to Ordinary shareholders and 12% to B Ordinary shareholders;
- v) The next £1, to Deferred shareholders; and
- vi) Any balance to Ordinary shareholders.

On 9 May 2019 the Company at a general meeting passed a resolution that 38,944 B1 Ordinary shares of £0.01 be allotted and issued at par value. B1 Ordinary shares carry no voting rights.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The capital redemption reserve was created following the cancellation of the shares bought back by Key Bidco Limited from Key Midco Limited as described in step iii) above. There was no impact on the share premium account.

Key Bidco Limited
Notes to the financial statements
for the year ended 31 December 2020

15. Prior year adjustment

During the year, seller's fee of £144k was omitted from the total costs of sales process. The adjustment has no impact on profit or loss for 2020. The impact of the adjustment is shown in the statement of financial position below.

	As reported	Adjustments	As restated
	2019	2019	2019
	£000	£000	£000
Fixed assets			
Investments	4,680	-	4,680
	<u>4,680</u>	<u>-</u>	<u>4,680</u>
Current assets			
Debtors	19	-	19
Creditors	(22,619)	(144)	(22,763)
Net current liabilities	<u>(22,600)</u>	<u>(144)</u>	<u>(22,744)</u>
Total assets less current liabilities	<u>(17,920)</u>	<u>(144)</u>	<u>(18,064)</u>
Net assets	<u>(17,920)</u>	<u>(144)</u>	<u>(18,064)</u>
Called up share capital	5	-	5
Share premium account	36,329	-	36,329
Capital redemption reserve	363	-	363
Profit and loss account as at 01.01.19	(51,515)	-	(51,515)
Loss for the year	<u>(3,102)</u>	<u>(144)</u>	<u>(3,246)</u>
Shareholders' funds	<u>(17,920)</u>	<u>(144)</u>	<u>(18,064)</u>

Key Bidco Limited
Notes to the financial statements
for the year ended 31 December 2020

16. Ultimate controlling party

Following the successful completion of the change of the ownership on 24 January 2020, the Directors consider the ultimate controlling party of the Company to be Lord Edward Spencer Churchill. Prior to the sale completion, the ultimate controlling party was Darwin Private Equity LLP, a limited liability partnership registered in England and Wales.

For the year ended 31 December 2020, the Company's ultimate parent company is Ormiston Holdco Limited and its immediate parent Company is Key Midco Limited, both incorporated in England & Wales.

The largest Group in which the results of KeyBidco Limited are consolidated is that headed by Ormiston Holdco Limited. Copies of the consolidated financial statements of Ormiston Holdco Limited may be obtained from 2nd Floor, Sir Walter Raleigh House, 48-50 Esplanade, St Helier, Jersey, JE2 3QB. The smallest Group in which the results of Key Bidco Limited are consolidated is that headed by Key Topco Limited. Copies of the consolidated financial statements of Key Topco Limited may be obtained from Elmbrook House, 18-19 Station Road, Sunbury-on-Thames, Surrey, England, TW16 6SU.

17. Related party disclosures

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102, section 33.1A, not to disclose related party transactions with wholly owned subsidiaries within the Group.

18. Contingent liabilities

A floating charge was created on 16 April 2021 in favour of GLAS Trust Corporation Limited over the Company's office bank account. This forms part of a charge over the Group's assets in connection with the debt financing arrangements of the Group in April 2021.

A fixed charge over the Company was created on 20 January 2020 as part of the sale process in favour of the beneficial owner of the Group.

The Royal Bank of Scotland plc previously held a fixed and floating charge over all property and assets of Key Topco Limited and its subsidiary companies, the Company and Hyperformance Ltd. Secured borrowings at 31 December 2020, amounted to £nil (2019: £2,289,826).

Close Brothers Limited trading as Close Brothers Premium Finance had a fixed and floating charge over all property and assets of Key Midco Limited and its subsidiary companies, Key Bidco Limited, Complete Cover Group Limited and Hyperformance Limited. This charge was subordinate to the fixed and floating charge held by The Royal Bank of Scotland and subordinate debt to Close Brothers Limited. Secured borrowings at 31 December 2020 amounted to £nil (2019: £2,413,672).

All the above loans were settled on 24 January 2020 by the Group ultimate controlling party, Ormiston Holdco Limited. The Company confirms nil loan and loan interest liabilities to the Royal Bank of Scotland and Close Brothers Limited after 24 January 2020.

19. Post balance sheet events

The Directors have considered the guidance of the UK Financial Reporting Council and events relating to the spread of coronavirus (Covid-19) and have treated this as a non-adjusting subsequent event in these financial statements (see Director's report and Note 3 Basis of preparation for further details in relation to potential expected impact from scenarios). The Directors note that whilst a full range of potential expected scenarios have been considered, the full impact of Covid-19 cannot yet be estimated.

On 31 March 2021, a further investment by Ormiston Holdco Limited in Mulsanne Insurance Company Limited has further reduced the Company's indirect shareholding in Mulsanne Insurance Company to 43.34% at 31 March 2021.