REGISTERED NUMBER: 07882099 (England and Wales)

Report of the Directors and

Financial Statements

for the year ended 31 December 2015

for

Key Midco Limited

Key Midco Limited

Contents

Key Midco Limited

Company Information

Directors:	D J Elliott J R H Cumming
Registered office:	Garrick House 161 High Street Hampton Hill Middlesex TW12 1NG
Registered number:	07882099 (England and Wales)
Auditor:	Deloitte LLP Hill House 1 Little New Street London EC4A 3TR
Bankers:	Royal Bank of Scotland 280 Bishopsgate London EC2M 4RB

Key Midco Limited

Directors' report

The directors of Key Midco Limited (the 'Company') present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year to 31 December 2015.

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

The Directors of the Company are 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 Key Topco Limited group of companies (the 'Group'), an insurance broking group in the UK, with underwriting capacity available in Gibraltar.

Review of the business
The results of the Company for the year ended 31 December 2015 are set out in the Statement of Comprehensive Income.

The loss after tax for the financial year is £6.9 million (2014: £5.4 million). The loss is after finance costs of £6.8 million. (2014: £5.4 million.)

The Company acts as a holding company and incurs interest costs on loan notes issued to finance investments and expects this to continue for the foreseeable future.

Directors
The directors who have held office during the year to 31 December 2015 and to the date of this report are as follows:

D J Elliott, J R H Cumming, P E J Burton (resigned 21 January 2015)

All the directors who are eligible will offer themselves for re-election at the forthcoming Annual General Meeting.

The Group has made qualifying third party indemnity provisions for the benefit of directors of all Group companies which were made during the year and remain in force at the date of this report.

Dividends
No dividends have been paid in the year ended 31 December 2015 (2014:£nil).

The directors do not recommend payment of a final dividend on the ordinary shares for the year ended 31 December 2015. (2014: £nil).

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 Directors' Report. The Directors' 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 Company and its subsidiaries meet their day to day working capital requirements from corporate cash balances. The UK broking market remains extremely competitive.The Company and its subsidiaries continue to monitor the uncertainty in the current environment. The directors are satisfied that their services will continue to be attractive to clients.

The directors note that the Company is in a net liability position, with total liabilities exceeding total assets by £21.3 million (2014: £14.4 million).

Going concern (continued)

After a review of the Company and its subsidiaries' cash flows and forecasts for the period of the next 3 years, and after reviewing banking facilities within which the business is expected to operate, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, while acknowledging the current guidance on going concern, including that from the FRC, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Principal risks and uncertainties
The Group has a risk committee that meets monthly which advises the Board on risk and compliance matters and monitors the risk appetite of the business. This committee reviews and challenges the output of the business and each division's risk maps.

The principal risks and uncertainties facing the Group are those relating to people, competition, errors and omissions and interruption to information processing capabilities.

i) Competitive risks
The nature of the current market combined with some very aggressive strategies from competitors puts significant pressure on the Group to retain existing business and to win new business. Further significant risk exists in maintaining relationships with aggregators and insurers. The Group mitigates these risks by continuing to enhance its value proposition to clients and regular and open meetings with aggregators and insurers.

ii) People risks
The willingness of competitors to offer key staff higher remuneration and benefits packages continues to be a risk to the Group's ability to attract and retain key people. Periodic benchmarking of salaries is carried out to ensure the Group remains competitive.

iii) Errors and omissions
The Company and its subsidiaries are subject to claims and litigation in the ordinary course of its business, principally in connection with the Group's insurance broking business. The Group mitigates this risk through regular review of the Group processes and, ultimately, the taking out of the appropriate insurance cover.

Financial risk management
The Company and its subsidiaries are 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 arising from liabilities as they fall due. The most important components of financial risk for the Company are interest rate risk, currency risk, credit risk and 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 maintains significant holdings in liquid funds to mitigate against risk. The directors of the Company make use of forecasts and budgets to monitor and control cash flows and working capital requirements.

ii) Interest rate risk
The Company and its subsidiaries have both cash deposits and holdings in government and corporate bonds in its portfolio. The primary market risk in the investment portfolio is interest rate risk, namely the fair value sensitivity of a fixed-income security or cash to changes in interest rates. The interest rate risk is managed through active investment portfolio management to ensure a prudent mix of fixed income investments with a varied maturity schedule. This is in line with guidelines issued by the ultimate parent company.

iii) Currency risk
The Company and its subsidiaries are exposed to currency risk in respect of revenue as well as assets and liabilities denominated in currencies other than pounds sterling. The Company seeks to mitigate the risk as far as possible by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency.

Financial risk management (continued)

iv) Credit risk
Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The main areas where the Company and its subsidiaries are exposed to credit risk are amounts due from clients and insurers in respect of brokerage not yet received and cash investment holdings.

The use of premium credit with full recourse across the Group gives rise to potential debt through default by the clients with the premium credit provider.

The Company and its subsidiaries mitigate their credit risk for cash and investments by only depositing money or holding investments in entities with a sufficiently high credit rating. The credit rating required is that demanded by the ultimate parent company. In addition the Company and its subsidiaries have investment guidelines that restrict the amount of the investment portfolio that can be placed with a single issuer, and the level of investment in a non-sovereign issue.

The Company and its subsidiaries mitigates their credit risk in respect of funded items by closely monitoring the debts created.

Brokerage and fee debtors are also monitored closely with a view to minimising the collection period of these items, particularly given the current economic climate.

Political donations
During the year no donations were made to political parties (2014: £nil).

Auditor
Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's 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.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

On behalf of the board:

J R H Cumming - Director
10 August 2016

Key Midco Limited

Directors' responsibilities statement

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's websites. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEY MIDCO LIMITED

We have audited the financial statements of Key Midco Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18. 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 FRS 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 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.

Respective responsibilities of directors and auditor

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. 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Mark McIlquham (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

10 August 2016

Key Midco Limited

Statement of Comprehensive Income
for the year ended 31st December 2015

	Note	2015 £000	2014 £000
Turnover		-	-
Administrative expenses		(77)	(86)
Operating loss		(77)	(86)
Finance costs	5	(6,779)	(5,360)
Loss on ordinary activities before taxation	4	(6,856)	(5,446)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year		(6,856)	(5,446)
Total comprehensive income attributable to equity shareholders of the Company		(6,856)	(5,446)

Key Midco Limited

Balance Sheet
At 31st December 2015

	Note	2015 £000	2014 £000
Fixed assets			
Investments	7	34,477	34,477
Current assets			
Debtors	8	2,289	1,051
Creditors			
Amounts falling due within one year	9	(16,724)	(11,439)
Net current liabilities		(14,435)	(10,388)
Total assets less current liabilities		20,042	24,089
Creditors			
Amounts falling due after more than one year	10	(41,303)	(38,494)
Net liabilities		(21,261)	(14,405)
Capital and reserves			
Called up share capital	13	9	9
Share premium		936	936
Profit and loss account		(22,206)	(15,350)
Shareholders' funds deficit		(21,261)	(14,405)

The notes on pages 10 to 18 are an integral part of these financial statements.

The financial statements of Key Midco Limited, company registered number 07882099, were approved by the Board of Directors and authorised for issue on 10 August 2016.

They were signed on its behalf by:

J R H Cumming - Director

Key Midco Limited

Statement of Changes in Equity
for the year ended 31 December 2015

	Note	Called-up share capital £000	Share premium £000	Profit and loss account £000	Total £000
At1 January 2014		9	936	(9,904)	(8,959)
Loss and total comprehensive income for the year		-	-	(5,446)	(5,446)
At 31 December 2014		9	936	(15,350)	(14,405)
Loss and total comprehensive income for the year		-	-	(6,856)	(6,856)
At 31 December 2015	13	9	936	(22,206)	(21,261)

1. Accounting policies

The principal accounting policies adopted by the Company are set out below. The directors have reviewed the accounting policies and concluded that they are appropriate. They have been applied consistently throughout the year and to the preceding year in the preparation of the financial statements.

General information and basis of accounting
Key Midco Limited is a company incorporated in the United Kingdom under the Companies Act. 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 directors' report on pages 2 to 4.

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified to include certain items at fair value, and are in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements have been restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 18.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Key Midco Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The A & A Group Ltd is consolidated in the financial statements of its ultimate parent, Key Topco Ltd, copies of which may be obtained at Garrick House, 161 High Street, Hampton Hill, Middlesex TW12 1NG. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

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 Directors' Report. The Directors' 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 Company and its subsidiaries meet their day to day working capital requirements from corporate cash balances. The UK broking market remains extremely competitive. The Company and its subsidiaries continue to monitor the uncertainty in the current environment and the directors are satisfied that their services will continue to be attractive to its clients.

The directors note that the Company is in a net liability position, with total liabilities exceeding total assets by £21.3 million (2014: £14.4 million).

After a review of the Company and its subsidiaries' cash flows and forecasts for the period of the next 3 years, and after reviewing the banking facilities within which the business is expected to operate, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, while acknowledging the current guidance on going concern, including that from the FRC, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

1. Accounting policies - continued

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation
Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. 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.

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.

Foreign currencies
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or at realisable rates were covered by forward exchange contracts. Foreign currency transactions are translated into sterling at the rates of exchange at the dates the transactions occurred.

All gains and losses arising from foreign exchange transactions are recognised in the profit and loss account.

Interest and investment income
Interest income is recognised on an accruals basis. Dividends from associated undertakings are accounted for when declared.

Investment in subsidiaries
Investment in subsidiaries, are measured at cost less impairment.

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

1. Accounting policies - continued

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 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 here 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:

a) The contractual return to the holder 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 profit and loss.

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

1. **Accounting policies - continued**

Financial instruments (continued)

i) **Financial assets and liabilities (continued)**

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.

Errors and omissions and other claims

The Company is subject to claims and litigation in the ordinary course of its business, principally in connection with the Company's insurance broking business. The Company mitigates this risk through regular review of its processes and, ultimately, the taking out of the appropriate insurance cover.

2. **Critical judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

Critical judgements in applying the Company's accounting policies

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

i) Impairment of fixed asset investments.

Determining whether an investment is impaired requires an estimation of the value in use of the cash-generating units to which the investment has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. The carrying amount of the investments at the balance sheet date was £ m.

3. **Staff costs**

There were no staff costs for the year ended 31st December 2015 (2014: £nil). Services that were required were provided by employees of The A & A Group Ltd., a subsidiary undertaking. It is not practical to allocate the cost of their services to the Company.

4. Loss on ordinary activities before taxation

Information regarding directors, employees and audit fees
The director, JRH Cumming is an employee of another Group subsidiary, The A & A Group Limited and was remunerated by that company for his services to the Group as a whole and received no remuneration for his services as a director of this Company. The directors D J Elliott and PEJ Burton received no remuneration for their services as directors of the Company.

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

The audit fee of £3,800 (2014: £3,000) and annual filing fees were borne by a fellow subsidiary undertaking during the year. No other services were provided to this Company by the Company's auditor in the current and prior year.

5. Finance costs

	2015 £000	2014 £000
Interest payable and similar charges		
Loan notes interest payable	6,817	5,360
Other finance costs	7	-
Interest payable to group companies	23	-
	6,847	5,360
Interest receivable from group companies	68	-
Finance costs (net)	6,779	5,360

6. Taxation

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

	2015 £000	2014 £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:

	2015	2014
Loss on ordinary activities before tax	(6,856)	(5,446)
Tax credit at standard UK corporation tax rate of 20.25% (2014: 21.5%)	(1,388)	(1,171)
Expenses not deductible for tax purposes	1,380	1,152
Movement in unrecognised deferred tax	-	19
Losses surrendered to group relief for no consideration	8	-
Total tax charge for the year	-	-

The UK corporation tax expense within these financial statements has been provided for at the rate of 20.25% (2014: 21.5%). The blended rate for the accounting period represents the reduction of the headline rate from 21% to 20% on the 1 April 2015. On 18 November 2015 the UK Government enacted the reduction in the main rate of corporation tax rate to 19% effective from 1 April 2017 and 18% effective from 1 April 2020. Deferred tax assets and liabilities are measured at tax rates that are enacted at the balance sheet date and accordingly deferred tax has been recognised within these financial statements at the rate applicable when the asset or liability is expected to crystallise.

There is no expiry date on timing differences, unused tax losses or tax credits.

7. **Fixed asset investments**

Subsidiary undertakings

	£000
Cost	
At 1 January 2015 and 31 December 2015	36,695
Provision for impairment	£000
At 1 January 2015 and 31 December 2015	2,218
Carrying value 31 December 2015	34,477
Carrying value 1 January 2015	34,477

Name	Country of incorporation	Principal activity	Share holding	% owned 2015	% owned 2014
Key Bidco Limited	United Kingdom	Holding company	Ordinary	100	100
The A & A Group Limited[1]	United Kingdom	Insurance intermediary	Ordinary	100	100
Hyperformance Limited[1]	United Kingdom	Insurance intermediary	Ordinary	100	100
Mulsanne Holdings (Gibraltar) Limited[2]	Gibraltar	Holding company	Ordinary	100	100
Mulsanne Insurance Company Limited[4]	Gibraltar	Insurance underwriter	Ordinary	100	100
Autofirst (UK) Limited[2]					
Quotea Limited[2]	United Kingdom	Dormant	Ordinary	100	100
Insure your motor Limited[3]	United Kingdom	Dormant	Ordinary	100	100

The Company directly owns all the issued ordinary share capital of Key Bidco Limited. All other subsidiary undertakings are indirectly wholly owned through other group undertakings as noted below.

[1] Indirectly owned through Key Bidco Limited

[2] Indirectly owned through The A & A Group Limited.

[3] Indirectly owned through Hyperformance Limited

[4] Indirectly owned through Mulsanne Holdings (Gibraltar) Limited.

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.

8. **Debtors**

	2015	2014
	£000	£000
Amount owed by subsidiary undertaking	2,289	1,051
	2,289	1,051

Amounts owed by fellow group undertakings arise from unsecured inter-group financing and interest is receivable at a variable rate of base rate + 6%. Balances are recoverable on demand.

9. Creditors: Amounts falling due within one year

	2015	2014
	£000	£000
Amounts owed to group undertakings	468	393
Loan interest	16,208	11,029
Accruals and deferred income	48	17
	16,724	11,439

Amounts owed to fellow group undertakings consist of inter-group financing on which interest is payable at a variable rate of base rate + 6%, are unsecured and are recoverable on demand.

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

	2015	2014
	£000	£000
Unsecured loan notes (note 11)	35,443	35,443
Secured loan notes (note 11)	4,221	3,051
Loan interest on secured loan notes	1,639	-
	41,303	38,494

11. Loans

An analysis of the maturity of loans is given below:	2015	2014
	£000	£000
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Investor 12.5% unsecured loan notes 2022	19,732	19,732
Vendor 10% unsecured loan notes 2022	6,000	6,000
Management 12.5% unsecured loan notes 2022	9,711	9,711
New investor 25% secured loan notes 2022	2,000	2,000
New manager 25% secured loan notes 2022	2,221	1,051
	39,664	38,494

On the 1 February 2016 New manager 25% secured loan notes 2022 for £1,170,000, were issued with an effective issue date of 30 September 2014. The loan notes were issued in part settlement of the deferred consideration of £1,500,000 due to the vendors of The A & A Group Limited on its subsidiary, Mulsanne Insurance Company Limited.

New investor 25% secured loan notes 2022 and New manager 25% secured loan notes 2022 are secured by cross guarantees given by the Company and its subsidiaries, ranking in all respects after the existing senior debt owed to The Royal Bank of Scotland plc.

When the New investor notes are redeemed if the aggregate principal amount together with the amount of accrued interest is less than £5.0 million, the Company will be liable to pay an additional amount equal to the difference between the two amounts.

When the New manager loan notes are redeemed if the aggregate principal amount together with the amount of accrued interest is less than two and a half times the principal amount being redeemed, the Company will be liable to pay an additional amount equal to the difference between the two amounts.

12. Financial instruments

The Company has the following financial instruments:

	2015	2014
Financial assets that are debt instruments measured at amortised cost.	£000	£000
-Amounts owed by group undertakings (note 8)	2,289	1,051

	2015	2014
Financial liabilities that are debt instruments measured at amortised cost	£000	£000
-Unsecured loan stocks (note 11)	35,443	35,443
-Secured loan stocks (note 11)	4,221	3,051
-Amounts owed to group undertakings (note 9)	468	393
-Loan interest	17,847	11,029
	57,979	49,916

13. Called up share capital

Allotted, called-up and fully paid

Number	Description	2015	2014
		£000	£000
945,000	Ordinary shares of £0.01p each	9	9
		9	9

The Company has one class of ordinary shares which carry no right to fixed income.

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.

14. Ultimate and immediate parent company

The Company's ultimate and immediate parent company is Key Topco Limited a company incorporated in the United Kingdom. The directors consider the ultimate controlling party to be Funds managed by Darwin Private Equity LLP a limited liability partnership registered in England and Wales.

The largest and smallest group in which the results of Key Midco Limited are consolidated is that headed by Key Topco Limited. Copies of the consolidated accounts of Key Topco Limited may be obtained from Garrick House, 161 High Street, Hampton Hill, Middlesex, TW12 1NG.

15. 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.

In the period Key Midco Limited has made payments to Darwin Private Equity LLP for Directors fees and expenses of £58,572 (2014: £55,409), in respect of the services provided by D J Elliott and P E J Burton.

16. Contingent liabilities

The Royal Bank of Scotland plc has a fixed and floating charge over all property and assets of the subsidiary companies, The A & A Group Limited and Hyperformance Ltd. Secured borrowings at 31 December 2015 totalled £3,365,000 (2014:£3,668,000).

The Company is a member of the Key Bidco Limited UK VAT Group registration and as such has a joint and several liability for any VAT owed by the group to HM Revenue and Customs.

17. Subsequent events

On 27 April 2016, the Company's subsidiary undertaking, Key Bidco Limited, entered into a Development Facility with Close Brothers Limited of £3.2 million that was fully drawn down at that date. A requirement of this facility is that the Group's subsidiary companies, Key Midco Limited, Key Bidco Limited, The A & A Group Limited and Hyperformance Limited have given fixed and floating charges over their assets that rank in all respects after the existing senior debt owed to The Royal Bank of Scotland plc.

18. Transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. No accounting adjustments have been required as a consequence of adopting FRS 102 to comply with that standard.