

Registered number: 08512036

KEY GROUP BIDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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KEY GROUP BIDCO LIMITED

COMPANY INFORMATION

Directors	Simon Christopher Thompson Robert James Scott
Registered number	08512036
Registered office	Baines House MidgeryCourt Pittman Way Fulwood Preston PR2 9ZH
Independent auditors	PricewaterhouseCoopersLLP No 1 Spinningfields Hardman Square Manchester M3 3EB

KEY GROUP BIDCO LIMITED

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KEY GROUP BIDCO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The Directors present their strategic report for the year ended 31 December 2019.

Business review

The principal activities of the Company are that of an intermediate holding and service company providing director services for other Group companies.

The main expense shown in the Statement of Comprehensive Income relate to Directors' remuneration costs. These costs are charged to administrative expenses and then recharged to KRS Services Limited, a subsidiary of the Company. Received dividend income in the year of £21,668k (2018: £2,698k) this was received in settlement of an intercompany creditor.

Financial key performance indicators ('KPIs') are not relevant for this Company due to the nature of its operations.

Results and performance

The result of the Company for the year, as set out on page 10, shows a profit before tax of £19,230k (2018: £nil). The net assets of the Company were £28.3m (2018: £9.1m). No interim dividends were paid (2018: Non).

Financial instruments

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

Stakeholder Considerations

The Directors of the Company have continued to act in a way that promotes the success of the Company throughout the year, taking into account the impact of their decisions on a broad range of stakeholders.

As a Board we have identified customers, shareholders, employees and suppliers as the stakeholder groups potentially most affected by our decisions. While we do consider the impact of our decisions on other stakeholders, including the local community and the environment, these are likely to be lower impact given the nature of our business.

In the content of our financial services business, our regulator requires us to consider the impact on our customers of everything we do, when we are making any decisions as a Board the impact on current and future customers is considered and any potential detriment mitigated before implementation.

KEY GROUP BIDCO LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. Compliance with regulation, legal and ethical standards is a high priority for the Company. The Compliance team and Finance department take on an important oversight role in this regard, with the Audit, Risk and Compliance Committee (ARCC) providing Group level oversight.

The Board annually reviews and approves a risk appetite statement. The ARCC regularly reviews risk management activities to ensure focus on managing not only existing risks but also identifying emerging risk areas. The Company has business continuity plans in place which it regularly reviews and tests as part of this ongoing review process.

The Directors are responsible for the financial risk management process and ensuring that the Company has sufficient capital to meet its regulatory responsibilities. Suitable policies and procedures have been adopted by the Company in order to ensure an appropriate level of risk management is directed at the relevant elements of the business.

The principal business risks, including financial risks, to which the Company is exposed are considered to be:

- operational risk, which is associated with the Company's internal processes and systems and the potential for these not to function properly;
- regulatory risk, which is the risk that changes in laws or regulations have an adverse impact on the equity release market in which it operates and the risk that the Company fails to comply with requirements laid down by its regulator, the FCA;
- economic risk, which is the risk that changes in the economy, e.g. interest rate changes, impact market conditions and reduce the Company's ability to compete;
- strategic risk, which relates to the pursuit of an inappropriate strategy or that the risks associated with its implementation are not fully recognised; and
- liquidity risk, which concerns the Company's ability to meet its financial obligations as they fall due.

Credit risk is not considered to be a material risk to the Company.

The risks associated with the Covid-19 pandemic were not considered during 2019 but are being managed as a continuity plan. Further details of the issues and actions taken are included as part of the Strategy and Business Environment discussion above.

KEY GROUP BIDCO LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Going Concern

The Board of Directors have determined that it is appropriate to continue to prepare the Group financial statements on a going concern basis. The Company is part of Theo Topco Ltd Group.

In reaching this conclusion, the Board considered the increased uncertainties that all businesses are facing as a result of the coronavirus pandemic and the impact on the Theo Topco Group of the actions being taken by the UK Government to mitigate the health impact on the country. Specific uncertainties relating to the Group were also assessed including the likelihood of falls in house prices affecting funder appetite for equity release, reductions in customer demand as well as the ability to process customer lifetime mortgages in a timely fashion in the event of further lockdowns.

In making this assessment, the Group produced a revised three year plan including the likely trading performance of the Group, reflecting the most likely impact on the business of the coronavirus measures based on trading conditions seen during the start of the lockdown period.

This plan was further updated, focusing on the next 18 months, and reflecting the trading performance seen during the UK wide lockdown and the improved trading conditions as this was eased. This latest forecast shows substantial headroom against all the Group loan covenants as well as significant cash generation.

In considering the robustness of this plan to unforeseen downside shocks, the Group sensitized this latest forecast, assuming that customer demand rather than increasing as the latest trading figures suggested instead reduced by 25% and that the Groups ability to complete cases in a timely manner also reduced by 15% despite the significant improvements being seen in this area post lockdown. The Directors believe that this scenario is the realistic worst case for the business, given its business model. Even in this realistic worst case scenario, the Group continued to have headroom against all its loan covenants and remained cash generative.

The Company is an Obligor under the Group Senior Facility Agreement, which governs the £75m senior loan and £5m revolving credit facility (undrawn at year end but fully drawn in March 2020). This means that the Company has given security over its assets and, in conjunction with the rest of the Group and is responsible for maintaining compliance with its covenants.

In considering the Company position, the Board of Directors have also assessed the accessibility of this Company to Group funding if required and no issues were identified.

Future developments

The longer term trends supporting the lifetime mortgage sector remain strong. The population continues to age, house price wealth is increasing and pension savings are likely to be inadequate for many.

Over the coming year the Group continues to advance with its growth plans. However, the Covid-19 pandemic has meant that while our investment plans are continuing, the growth projected as a result of these plans is likely to take longer to emerge.

KEY GROUP BIDCO LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

This report was approved by the board on 29 July 2020 and signed on its behalf.

Rob Scott

Robert James Scott
Director

KEY GROUP BIDCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Existence of branches of the Company outside of the United Kingdom

An indication of the likely future developments of the business and details of financial risk management are included in the strategic report.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £19,230 k (2018 - £NIL).

The Statement of Comprehensive Income is set out on page 10 and shows the result for the year.

The Directors do not propose the payment of a dividend.

KEY GROUP BIDCO LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Directors' and officers' insurance

The Company's ultimate parent company, Theo Topco Limited, maintains cover with respect to Directors' and officers' indemnity insurance. This insurance covers them in their roles as Directors of this Company. This insurance was in place throughout the year and up to the date of signing the financial statements.

Directors

The directors who served during the year were:

Simon Christopher Thompson
Robert James Scott

Engagement with employees

The Company maintains a policy of regular consultation and discussion with its employees on a wide range of issues that are likely to affect their interests. The Company ensures that all employees are given regular updates of the performance of their business units and of the Company as a whole. Employee involvement is facilitated through a newsletter, the Staff Committee, regular communication briefings and an annual employee survey.

Disabled employees

The Company's equal opportunities policy makes it clear that full and fair consideration must be given to the appointment of disabled people. The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Where an employee becomes disabled whilst employed by the Company the HR procedures require that reasonable effort is made to ensure they have the opportunity for continued employment within the Company. Retraining of employees who become disabled whilst employed by the Company is offered where appropriate to ensure that their career development is not unfairly restricted by their disability or perceptions of it.

Matters covered in the strategic report

An indication of the likely future developments of the business and details of financial risk management are included in the strategic report on page 2.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

The Covid-19 pandemic and the government actions to mitigate the spread of the disease are considered to be non-adjusting post balance sheet events, which do not provide more information about the conditions at the balance sheet date. The impact of these events on the Directors considerations around the going concern assumption are discussed in the Strategic Report.

KEY GROUP BIDCO LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 July 2020 and signed on its behalf.

Rob Scott

Robert James Scott
Director

KEY GROUP BIDCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEY GROUP BIDCO LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Key Group Bidco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

KEY GROUP BIDCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEY GROUP BIDCO LIMITED (CONTINUED)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

H. Varley

Heather Varley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 July 2020

KEY GROUP BIDCO LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
Dividend Income		21,668	2,698
Gross profit		21,668	2,698
Administrative expenses		(2,438)	(2,698)
Operating profit		19,230	-
Taxation	7	-	-
Profit for the financial year		19,230	-

The results stated above are all derived from continuing operations.

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

The notes on pages 13 to 21 form part of these financial statements.

KEY GROUP BIDCO LIMITED
REGISTERED NUMBER: 08512036

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investments	8	35,702	35,702
		35,702	35,702
Current assets			
Debtors: amounts falling due within one year	9	3	3,659
Cash at bank and in hand		-	3
		3	3,662
Creditors: amounts falling due within one year	10	(7,369)	(30,258)
Net current liabilities		(7,366)	(26,596)
Total assets less current liabilities		28,336	9,106
Net assets		28,336	9,106
Capital and reserves			
Called up share capital	11	51	51
Share premium account		205	205
Profit and loss account		28,080	8,850
Total Equity		28,336	9,106

The financial statements on pages 10 to 21 were approved and authorised for issue by the board and were signed on its behalf on 29 July 2020 by;

Rob Scott

Robert James Scott
Director

The notes on pages 13 to 21 form part of these financial statements.

KEY GROUP BIDCO LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2018	51	205	8,850	9,106
Total comprehensive income for the year	-	-	-	-
At 31 December 2018	51	205	8,850	9,106
Comprehensive income for the year				
Profit for the year	-	-	19,230	19,230
At 31 December 2019	51	205	28,080	28,336

The notes on pages 13 to 21 form part of these financial statements.

KEY GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Key Group Bidco Limited is a private company limited by shares and is incorporated in the United Kingdom and registered in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Going Concern

After reviewing the Group's forecasts and projections (which include the Company) and the relationship of the Company with its Group and its position as obligor, the Board of Directors have determined that the Company has adequate resources to continue to prepare the Company financial statements on a going concern basis, notwithstanding the net current liabilities. The Group has confirmed its intention to continue to provide any necessary financial support to the Company for a period of at least twelve months from the date of approval of these financial statements. Details of the approach taken by the Board to come to this conclusion and the actions taken as a result of this assessment are included within the Strategic Report.

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 paragraph 1.12:

- the requirement to prepare a Statement of Cash Flows (paragraph 3.17(d) and section 7);
- disclosures in respect of the Company's financial instruments (paragraphs 11.41(b), 11.41(c), 11.41(d), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(iii), 11.48(a)(iv), 11.48(b) and 11.48(c));
- disclosures in respect of the aggregate remuneration of the key management personnel (paragraph 33.7);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A

This information is included in the consolidated financial statements of Theo Topco Limited as at 31 December 2019 and these financial statements may be obtained from Companies House.

In addition, the Company has taken advantage of the related party transaction disclosure exemption disclose transactions between the Company members of the Group headed by Theo Topco Limited.

KEY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.3 Consolidated financial statements

The Company is exempt from preparing consolidated financial statements on the grounds that it qualifies under section 400 of the Companies Act 2006 as a wholly owned subsidiary of Theo Topco Limited, a company registered in England and Wales, for which consolidated financial statements are prepared. These financial statements therefore present information about the Company as an individual undertaking and not about its Group.

2.4 Taxation

The charge for taxation is based on the profit for the year and taking into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the date of the Statement of Financial Position.

2.5 Deferred taxation

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

Deferred tax balances are not discounted.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Financial liabilities and equity

Financial liabilities and equity instruments are initially measured at the amount of the net proceeds received. Financial liabilities and equity are classified according to the substance of the financial instruments' contractual obligations, rather than the financial instruments' legal form.

2.8 Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Share premium account represents the premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

KEY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Critical judgements and estimates

Certain reported amounts of assets and liabilities are subject to estimates and assumptions. Estimates and judgements by management are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

Impairment of tangible assets including investments

The carrying amounts of assets are reviewed to determine whether there is any indication of impairment. An asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

If any such indication exists, a full impairment review is undertaken for that asset, or group of assets, and any estimated loss is recognised in the Statement of Comprehensive Income. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

4. Employees

Staff costs were as follows:

The average monthly number of employees, including the directors, during the year was as follows:

	2019	2018
	No.	No.
Management	12	13

	2019	2018
	£000	£000

The aggregate payroll costs of these persons were as follows:

Wages and salaries	2,062	2,551
Social security costs	214	335
Other pension costs	20	16
	2,296	2,902

KEY GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5. Directors' remuneration

The highest paid director received remuneration of £334k (2018 - £344k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2018 - £NIL).

	2019 £000	2018 £000
Aggregate emoluments	569	586
Company pension contributions to money purchase schemes	10	10
	579	596
	2019 £000	2018 £000
Highest paid Director		
Aggregate emoluments	334	344
Company pension contributions to money purchase schemes	-	-
	334	344

The highest paid Director did not exercise any share options (2018: nil).

The highest paid Director did not receive and is not due to receive shares under a long term investment scheme (2018: nil).

There was 1 Director (2018: 1 Director) within the Company's defined contribution pension scheme during the year ended 31 December 2019.

6. Operating loss

Auditors' remuneration

Fees payable to the Company's auditors for the audit of Key Group Bidco Limited are borne by KRS Services Limited, a fellow subsidiary company. In the Directors' opinion a reasonable allocation of the audit fee to Key Group Bidco Limited would be £3,600 (2018: £2,500).

No (2018: No) non-audit services were provided in the financial period.

KEY GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7. Tax on profit

	2019 £000	2018 £000
UK corporation tax		
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19 %). The differences are explained below:

	2019 £000	2018 £000
Profit before tax	19,230	-
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19 %)	3,654	-
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	2
Group relief claimed	(3,654)	(2)
Total tax charge for the year	-	-

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

KEY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation and Net book value	
At 1 January 2019	35,702
On disposal of subsidiaries	-
At 31 December 2019	<u>35,702</u>

KEY GROUP BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

8. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Key Retirement Group Limited	England & Wales	Ordinary	100%
KRS Finance Limited*	England & Wales	Ordinary	100%
KRS Group Limited*	England & Wales	Ordinary	100%
Key Retirement Solutions Limited	England & Wales	Ordinary A	100%
Key Retirement Solutions Limited*	England & Wales	Ordinary B	100%
Key Partnerships Limited*	England & Wales	Ordinary	100%
More 2 Life Limited*	England & Wales	Ordinary	100%
More 2 Life SPV 1 Limited*	England & Wales	Ordinary	100%
More 2 Life Asset SPV 2 Limited*	England & Wales	Ordinary	100%
KRS Services Limited*	England & Wales	Ordinary	100%
Equity Release Assured Limited	England & Wales	Ordinary	100%
Retirement People Limited*	England & Wales	Ordinary	100%
Modern Lending Advisers Limited*	England & Wales	Ordinary	100%
Home Equity Release Service Limited*	England & Wales	Ordinary	100%
Key Money Limited*	England & Wales	Ordinary	100%
Primetime Retirement Group Limited*	England & Wales	Ordinary A	79%
Primetime Retirement Limited*	England & Wales	Ordinary	79%
Key Move Property Services Limited*	England & Wales	Ordinary	100%
Key Secured Lending Limited*	England & Wales	Ordinary	100%
More 2 Life Retirement Income Limited*	England & Wales	Ordinary	100%
The Retirement Lending Advisers Limited*	England & Wales	Ordinary	100%
Equity Release Club Holdings Limited*	England & Wales	Ordinary	51%
Answers in Retirement Limited*	England & Wales	Ordinary	51%
Later Life Guidance Limited*	England & Wales	Ordinary	51%
Key Later Life Services Limited*	England & Wales	Ordinary	51%
TERE Advisers Limited*	England & Wales	Ordinary	51%
Key Group Asset Management Limited*	England & Wales	Ordinary	100%
Key Legal Trustees Limited*	England & Wales	Ordinary	100%

* The investment in these companies is held indirectly. The proportion held is the effective interest at the year end.

The registered office of all subsidiary undertakings excluding Answers in Retirement Limited and Later Life Guidance Limited is Baines House, Midgery Court, Fulwood, Preston, PR2 9ZH. The registered office of Answers in Retirement Limited and Later Life Guidance Limited is Southgate House, Southgate Street, Gloucester, Gloucestershire, GL1 1UD.

KEY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Debtors

	2019	2018
	£000	£000
Amounts owed by group undertakings	-	3,659
Other debtors	3	-
	<u>3</u>	<u>3,659</u>

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

10. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Amounts owed to group undertakings	6,899	29,782
Other creditors	8	-
Accruals and deferred income	462	476
	<u>7,369</u>	<u>30,258</u>

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

KEY GROUP BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Called up share capital

	2019	2018
	£000	£000
Allotted, called up and fully paid		
51,000 (2018 - 51,000) Ordinary shares of £1 each	<u>51</u>	<u>51</u>

12. Post balance sheet events

The Covid-19 pandemic and the government actions to mitigate the spread of the disease are considered to be non-adjusting post balance sheet events, which do not provide more information about the conditions at the balance sheet date. The impact of these events on the Directors considerations around the going concern assumption are discussed in the Strategic Report but given the Group was able to rapidly and successfully transition to working remotely and has continued to trade throughout the outbreak, the Going Concern assumption is considered to still be appropriate

13. Ultimate parent company and controlling party

At 31 December 2019 the Company's immediate parent company was Key Group Midco 2 Limited and the Company's ultimate parent company was Theo Topco Limited.

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

There is no ultimate controlling party by virtue of a majority shareholding of Theo Topco Limited, although Partners Group have de facto control of the Group due to the constraints imposed on the Group and executive directors through the investment agreement.