

Key Group Bidco Limited

Company number 8512036

Report and Financial Statements

Year Ended

31 December 2017



Key Group Bidco Limited

Annual Report and Financial Statements for the year ended 31 December 2017

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Directors

Simon Thompson
Robert Scott

Registered office

Baines House
Midgery Court
Pittman Way
Fulwood
Preston
PR2 9ZH

Company number

8512036

Auditors

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

Key Group Bidco Limited

Strategic report for the year ended 31 December 2017

The Directors present their strategic report for the year ended 31 December 2017.

Business review

The principal activities of the Company are that of a 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, and to Key Group Topco Limited, a parent company.

Finance costs relate to interest charges on intra-company loan notes and one intra-company loan which attracted an interest rate of 8% and were repaid on 3 August 2017.

During the year a dividend of £Nil (2016: £14,000,000) was received from Key Retirement Group Limited.

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

Change of Ownership

During 2017, the KR Group was acquired by funds advised by Partners Group, a global private markets investment management firm with over EUR 62 billion (USD 74 billion) in investment programs under management in private equity, private real estate, private infrastructure and private debt. As part of this transaction, the previous Group CEO, Colin Taylor, retired and was succeeded by the Deputy Group CEO, Simon Thompson.

The acquisition was partially funded through £75m of bank debt, which has been secured on the assets of the major trading subsidiaries of the Group. The Directors carefully considered the additional risks associated with external debt and entered into interest rate hedges to reduce the Group exposure to interest rate volatility to an acceptable level.

Financial instruments

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

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

Principal risks and uncertainties

Within the Group there are six (2016: seven) companies regulated by the Financial Conduct Authority (FCA). The FCA sets the regulatory environment in which these companies operate. The Group keeps abreast of any potential changes on a daily basis by monitoring various websites and how they impact the Group companies, including the FCA latest publication website. Any items which are viewed to potentially have an impact are immediately circulated to the relevant parties. In addition, a summary of the publications which could affect the business is provided to the Board on a monthly basis. This process ensures that any FCA changes are implemented in a timely manner. The Group monitors its compliance with FCA capital adequacy requirements and tests. Within the Group's 2018 business plan, these are all satisfied.

Key Group Bidco Limited

Strategic report
for the year ended 31 December 2017 (*Continued*)

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 intends to continue with its growth plans. The impact of investment in people and systems is expected to materialise in further productivity improvements in 2018.

Profit levels at the Group are anticipated to increase in 2018. Expense control will continue to be a priority with further investment focussed on efficiency and revenue expansion. Business sourcing channels will continue to be developed and enhanced with particular focus on the customer journey and third party relationships.

On behalf of the board



R Scott
Director

Date: 23 April 2018

Key Group Bidco Limited

Directors' report for the year ended 31 December 2017

The Directors present their report together with the audited financial statements for the year ended 31 December 2017.

Results and dividends

The Statement of Comprehensive Income is set out on page 8 and shows the loss for the year.

The Directors do not propose the payment of a dividend.

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.

Directors

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

Simon Thompson

Robert Scott (appointed 10 July 2017)

Colin Taylor (resigned 3 August 2017)

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 1.

Employee involvement

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.

Existence of branches of the Company outside of the United Kingdom

The Company has no branches outside of the United Kingdom.

Key Group Bidco Limited

Directors' report for the year ended 31 December 2017 (Continued)

Statement of Directors' responsibilities

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

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Disclosure of information to auditors

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

Auditors

It is intended to put the audit out to tender during 2018. BDO LLP will continue as auditors until new auditors have been appointed.

By order of the board



R Scott
Director

Date: 23 April 2018

**Independent auditor's report to the members of
Key Group Bidco Limited**

Opinion

We have audited the financial statements of Key Group Bidco Limited (the 'Company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, the statement of financial position and 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 Financial Reporting Standard 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 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

We have nothing to report in respect of the following matters in relation to which the 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.

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. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information, including the strategic report and Directors' report 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Independent auditor's report to the members of
Key Group Bidco Limited
(Continued)

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.

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.

Independent auditor's report to the members of
Key Group Bidco Limited
(Continued)

Auditor's responsibilities for the audit of the financial statements

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.

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.

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.



Julien Rye (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK
Date: 23 APRIL 2018

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

Key Group Bidco Limited

Statement of Comprehensive Income for the year ended 31 December 2017

| | Note | 2017 £ | 2016 £ |
|---|----------|---------------------------|--------------------------|
| Administrative expenses | | (4,330,772) | (2,900,000) |
| Other operating income | | <u>3,343,629</u> | <u>3,010,753</u> |
| Operating profit | 6 | (987,143) | 110,753 |
| Income from shares in group undertakings | | - | 14,000,000 |
| Finance costs | 7 | <u>(1,055,540)</u> | <u>(2,510,024)</u> |
| (Loss)/profit on ordinary activities before taxation | | (2,042,683) | 11,600,729 |
| Taxation on profit on ordinary activities | 8 | <u>-</u> | <u>-</u> |
| (Loss)/profit for the financial year | | <u>(2,042,683)</u> | <u>11,600,729</u> |

The results stated above are all derived from continuing operations.

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

The notes on pages 11 to 19 are an integral part of these financial statements.

Key Group Bidco Limited

Statement of Financial Position as at 31 December 2017

| | Note | 2017 £ | 2017 £ | 2016 £ | 2016 £ |
|---|------|---------------------|------------------|--------------------|---------------------|
| Fixed assets | | | | | |
| Investment in Group undertakings | 9 | | 35,701,683 | | 35,701,683 |
| Current assets | | | | | |
| Trade and other debtors | 10 | 1,012,968 | | 5,868,522 | |
| Cash at bank and in hand | | <u>707,397</u> | | <u>193,934</u> | |
| | | 1,720,365 | | 6,062,456 | |
| Creditors: amounts falling due within one year | 11 | <u>(28,316,187)</u> | | <u>(8,495,375)</u> | |
| Net current liabilities | | | (26,595,822) | | (2,432,919) |
| Total assets less current liabilities | | | <u>9,105,861</u> | | <u>33,268,764</u> |
| Creditors: amounts falling due after one year | 12 | | <u>-</u> | | <u>(22,120,220)</u> |
| Net assets | | | <u>9,105,861</u> | | <u>11,148,544</u> |
| Capital and reserves | | | | | |
| Called up share capital | 13 | | 51,294 | | 51,294 |
| Share premium account | | | 205,176 | | 205,176 |
| Profit and loss account | | | <u>8,849,391</u> | | <u>10,892,074</u> |
| Total equity | | | <u>9,105,861</u> | | <u>11,148,544</u> |

The notes on pages 11 to 19 are an integral part of these financial statements.

The financial statements on pages 8 to 19 were approved by the Board of Directors and authorised for issue on 23 April 2018 and were signed on its behalf by:



R Scott
Director

Company registration no: 8512036

Key Group Bidco Limited

Statement of Changes in Equity as at 31 December 2017

| | Note | Share capital £ | Share premium £ | Retained earnings £ | Total equity £ |
|--|------|-----------------------|-----------------------|---------------------------|----------------------|
| Balance at 1 January 2016 | | 51,294 | 205,176 | (708,655) | (452,185) |
| <i>Comprehensive income</i> | | | | | |
| Profit and total comprehensive income for the year | | - | - | 11,600,729 | 11,600,729 |
| Balance at 1 January 2017 | 13 | 51,294 | 205,176 | 10,892,074 | 11,148,544 |
| <i>Comprehensive income</i> | | | | | |
| Loss and total comprehensive income for the year | | - | - | (2,042,683) | (2,042,683) |
| Balance at 31 December 2017 | 13 | 51,294 | 205,176 | 8,849,391 | 9,105,861 |

The notes on pages 11 to 19 are an integral part of these financial statements.

Key Group Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2017

1 Basis of preparation

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

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Going concern

After reviewing the Company's forecasts and projections to December 2019, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future, notwithstanding the net current liabilities. The Group has confirmed its intention 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. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2 Principal accounting policies

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

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(a)(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).

This information is included in the consolidated financial statements of Theo Topco Limited as at 31 December 2017 and these financial statements may be obtained from Companies House.

In addition, the Company has taken advantage of the related party transaction disclosure exemption available to it under FRS 102 paragraph 33.1A, not to disclose transactions between the Company and other wholly owned members of the Group headed by Theo Topco Limited.

Consolidated financial statements

The Company is exempt from preparing consolidated financial statements on the grounds that it qualifies under the Companies Act 2006 as a wholly owned subsidiary of 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.

Other operating income

Other operating income incorporates management charges to fellow Group companies for the period covered by the financial statements and sundry income.

Key Group Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2017 (Continued)

2 Principal accounting policies (continued)

Finance costs

Finance costs were charged to the Income Statement over the term of the debt using the effective interest rate method so that the amount charged was at a constant rate on the carrying amount.

Pension costs

Contributions to the Company's defined contribution pension scheme are charged to the Income Statement in the year in which they become payable. The assets of the scheme are held separately in an independently administered fund. Any amounts outstanding at the year-end are shown as a separately identifiable asset or liability in the Statement of Financial Position.

Taxation

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

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the 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.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the date of the Statement of Financial Position, and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the date of the Statement of Financial Position.

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.

Key Group Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2017 (*Continued*)

2 Principal accounting policies (continued)

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.

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. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

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 Income Statement. 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.

Key Group Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2017 (Continued)

4 Employee numbers and expense

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

| | 2017 No. | 2016 No. |
|------------|-------------|-------------|
| Management | 7 | 7 |
| | <u>7</u> | <u>7</u> |

| | 2017 £ | 2016 £ |
|---|------------------|------------------|
| The aggregate payroll costs of these persons were as follows: | | |
| Wages and salaries | 2,420,180 | 2,179,591 |
| Social security costs | 362,881 | 336,012 |
| Costs of defined contribution pension scheme | 27,187 | 32,643 |
| | <u>2,810,248</u> | <u>2,548,246</u> |

5 Directors' remuneration

| | 2017 £ | 2016 £ |
|---|----------------|----------------|
| Aggregate emoluments | 878,921 | 736,294 |
| Company pension contributions to money purchase schemes | 14,583 | 31,389 |
| | <u>893,504</u> | <u>767,683</u> |

Highest paid Director

| | 2017 £ | 2016 £ |
|---|----------------|----------------|
| Aggregate emoluments | 396,084 | 398,010 |
| Company pension contributions to money purchase schemes | 4,583 | 31,188 |
| | <u>400,667</u> | <u>429,198</u> |

The highest paid Director did not exercise any share options.

The highest paid Director did not receive and is not due to receive shares under a long term investment scheme.

There was 1 Director (2016: 2 Directors) within the Company's defined contribution pension scheme during the year ended 31 December 2017.

Key Group Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2017 (Continued)

6 Operating profit

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 £1,050 (2016: £1,000).

7 Finance costs

| | 2017 £ | 2016 £ |
|----------------------------------|------------------|------------------|
| Loan interest to Group companies | 1,055,540 | 2,510,024 |
| | <u>1,055,540</u> | <u>2,510,024</u> |

8 Taxation on profit on ordinary activities

| | 2017 £ | 2016 £ |
|------------------------------------|-----------|-----------|
| <i>UK corporation tax</i> | | |
| Current tax on profits of the year | - | - |

| | 2017 £ | 2016 £ |
|---|--------------------|-------------------|
| (Loss)/profit on ordinary activities before tax | <u>(2,042,683)</u> | <u>11,600,729</u> |

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

| | | |
|---|-----------|-------------|
| Tax on (loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 19.25% (2016: 20%) | (393,147) | 2,320,146 |
| Effects of: | | |
| Income not taxable for tax purposes | - | (2,800,000) |
| Expenses not deductible for tax purposes | 222,916 | 453 |
| Group relief surrendered | 170,383 | 479,211 |
| Deferred tax not recognised | (152) | 190 |
| Total current tax charge | <u>-</u> | <u>-</u> |

Key Group Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2017 (Continued)

9 Investment in Group undertakings

£

Cost

At 1 January 2017 and at 31 December 2017

35,701,683

Net book value

At 1 January 2017 and at 31 December 2017

35,701,683

The subsidiaries of the Company are:

| <i>Subsidiary undertakings</i> | Country of incorporation | Class of share capital held | Proportion of share capital held | Nature of business |
|------------------------------------|-------------------------------------|--|---|---|
| Key Retirement Group Limited | England & Wales | Ordinary | 100% | Holding Company |
| KRS Finance Limited * | England & Wales | Ordinary | 100% | Holding Company |
| KRS Group Limited * | England & Wales | Ordinary | 100% | Dormant |
| Key Retirement Solutions Limited * | England & Wales | Ordinary A Ordinary B | 100% 100% | Financial Services – mortgage brokers |
| Key Partnerships Limited * | England & Wales | Ordinary | 100% | Dormant |
| More 2 Life Limited * | England & Wales | Ordinary | 100% | Financial Services – mortgage lender |
| More 2 Life SPV 1 Limited * | England & Wales | Ordinary | 100% | Dormant |
| More 2 Life Asset SPV 2 Limited * | England & Wales | Ordinary | 100% | Dormant |
| KRS Services Limited * | England & Wales | Ordinary | 100% | Service Company |
| Equity Release Assured Limited * | England & Wales | Ordinary | 100% | Financial Services – mortgage broker - ceased trading in 2016 |
| Retirement People Limited * | England & Wales | Ordinary | 100% | Dormant |
| Modern Lending Advisers Limited * | England & Wales | Ordinary | 100% | Dormant |

Key Group Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2017 (Continued)

9 Investment in Group undertakings (continued)

| <i>Subsidiary undertakings</i> | Country of incorporation | Class of share capital held | Proportion of share capital held | Nature of business |
|---|--------------------------|-----------------------------|----------------------------------|---|
| Home Equity Release Service Limited * | England & Wales | Ordinary | 100% | Financial Services – mortgage broker |
| Key Money Limited * | England & Wales | Ordinary | 100% | Dormant |
| Primetime Retirement Group Limited * | England & Wales | A Ordinary | 79% | Holding & Service Company |
| Primetime Retirement Limited * | England & Wales | Ordinary | 79% | Financial Services – fixed term annuity provider |
| Key Move Property Services Limited * | England & Wales | Ordinary | 100% | Dissolved 20 February 2018 |
| Key Secured Lending Limited * | England & Wales | Ordinary | 100% | Financial Services – secured loan broker - ceased trading in 2016 |
| More 2 Life Retirement Income Limited * | England & Wales | Ordinary | 100% | Dormant |
| The Retirement Lending Advisers Limited * | England & Wales | Ordinary | 100% | Financial Services – mortgage broker |

* 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 is Baines House, Midgery Court, Pittman Way, Fulwood, Preston, PR2 9ZH.

Key Group Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2017 (Continued)

10 Trade and other debtors

| | 2017 £ | 2016 £ |
|-------------------------------------|------------------|------------------|
| Amounts due from Group undertakings | 1,012,952 | 5,858,209 |
| Other taxation and social security | 16 | - |
| Prepayments and accrued income | - | 10,313 |
| | <u>1,012,968</u> | <u>5,868,522</u> |

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

11 Creditors: amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|-------------------|------------------|
| Trade creditors | 418 | - |
| Amounts due to Group undertakings | 27,553,443 | 7,582,006 |
| Other taxation and social security | - | 156,318 |
| Pension creditor | 158 | 950 |
| Accruals | 762,168 | 756,101 |
| | <u>28,316,187</u> | <u>8,495,375</u> |

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

12 Creditors: amounts falling due after one year

| | 2017 £ | 2016 £ |
|-----------------------------------|-----------|-------------------|
| Amounts due to Group undertakings | - | 22,120,220 |
| | <u>-</u> | <u>22,120,220</u> |

Amounts due to Group undertakings were unsecured, attracted interest at 8% per annum and were repaid on 3 August 2017.

Key Group Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2017 (*Continued*)

13 Share capital

Allotted, called up and fully paid

| | 2016 £ | 2015 £ |
|-----------------------------------|---------------|---------------|
| 51,294 ordinary shares of £1 each | 51,294 | 51,294 |
| | <u>51,294</u> | <u>51,294</u> |

14 Ultimate parent company and controlling party

At 31 December 2017 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, Pittman Way, 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.