

## **Key Secured Lending Limited**

**Company number 09153378**

Report and Financial Statements

Year Ended

31 December 2015

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# Key Secured Lending Limited

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

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### Directors

Colin Taylor  
Richard Overson  
Simon Thompson

### Registered office

Baines House  
Midgery Court  
Pittman Way  
Fulwood  
Preston  
PR2 9ZH

### Company number

09153378

### Auditors

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

# **Key Secured Lending Limited**

## **Directors' report for the year ended 31 December 2015**

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

### **Results and dividends**

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

The Directors do not propose the payment of a dividend.

### **Principal activities**

The principal activity of the Company is that of a secured loans broker.

### **Directors' and officers' insurance**

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

### **Directors**

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

Colin Taylor  
Richard Overson  
Simon Thompson

# Key Secured Lending Limited

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

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### Statement of Directors' responsibilities

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

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

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

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

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

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

### By order of the board



C Taylor  
Director

Date 20 April 2016

# Key Secured Lending Limited

## Independent auditors' report

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### Independent auditors' report to the members of Key Secured Lending Limited

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

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

### Respective responsibilities of Directors and auditors

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

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

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

## Key Secured Lending Limited

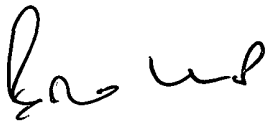
### Independent auditors' report (*Continued*)

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#### 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; or
- the Directors were not entitled to prepare the financial statements and the Directors' report in accordance with the small companies' regime and to the exemption from the requirement to prepare a strategic report.



*Julien Rye (senior statutory auditor)*

*For and on behalf of BDO LLP, statutory auditor*

*Manchester*

*Date: 22 April 2016*

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

# Key Secured Lending Limited

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

	Note	2015 £	5 month period ended 31 December 2014 Restated £
<b>Turnover</b>	4	567,418	107,077
Cost of sales		<u>(277,224)</u>	<u>(73,977)</u>
<b>Gross profit</b>		<b>290,194</b>	<b>33,100</b>
Administrative expenses		<u>(659,490)</u>	<u>(61,642)</u>
<b>Operating loss and loss on ordinary activities before taxation</b>	6	<b>(369,296)</b>	<b>(28,542)</b>
Taxation on loss on ordinary activities	7	<u>(36)</u>	<u>36</u>
<b>Loss for the financial year/period</b>		<b><u>(369,332)</u></b>	<b><u>(28,506)</u></b>

The results stated above are all derived from continuing operations.

The restatement in respect of the period ended 31 December 2014 is described in Note 1 of the financial statements.

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

The notes on pages 8 to 16 are an integral part of these financial statements.

# Key Secured Lending Limited

## Statement of Financial Position as at 31 December 2015

	Note	2015 £	2015 £	2014 Restated £	2014 Restated £
<b>Fixed assets</b>					
Intangible assets	8	107,314		135,309	
Tangible assets	9	<u>13,942</u>		<u>1,498</u>	
			121,256		136,807
<b>Current assets</b>					
Trade and other debtors	10	24,417		17,284	
Cash at bank and in hand		<u>61,321</u>		<u>30,902</u>	
		85,738		48,186	
<b>Creditors: amounts falling due within one year</b>	11	(503,478)		(112,145)	
<b>Net current liabilities</b>			(417,740)		(63,959)
<b>Total assets less current liabilities</b>			<u>(296,484)</u>		<u>72,848</u>
<b>Creditors: amounts falling due after one year</b>	12		<u>(101,353)</u>		<u>(101,353)</u>
<b>Net liabilities</b>			<u>(397,837)</u>		<u>(28,505)</u>
<b>Capital and reserves</b>					
Called up share capital	13		1		1
Profit and loss account			<u>(397,838)</u>		<u>(28,506)</u>
<b>Total equity</b>			<u>(397,837)</u>		<u>(28,505)</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

The restatement in respect of the period ended 31 December 2014 is described in Note 1 of the financial statements.

The notes on pages 8 to 16 are an integral part of these financial statements.

The financial statements on pages 5 to 16 were approved by the Board of Directors on 20 April 2016 and were signed on its behalf by:



**S Thompson**  
Director

Company registration no: 09153378



# Key Secured Lending Limited

## Statement of Changes in Equity as at 31 December 2015

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	Note	Share capital £	Retained earnings £	Total equity £
Balance at 1 January 2014	13	1	-	1
<i>Comprehensive income</i>				
Loss and total comprehensive income for the year		-	(28,506)	(28,506)
Balance at 1 January 2015	13	1	(28,506)	(28,505)
<i>Comprehensive income</i>				
Loss and total comprehensive income for the year		-	(369,332)	(369,332)
Balance at 31 December 2015		1	(397,838)	(397,837)

The notes on pages 8 to 16 are an integral part of these financial statements.

# Key Secured Lending Limited

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

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### 1 Basis of preparation

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

These financial statements are the first financial statements prepared under FRS 102 and information on the impact of first-time adoption of FRS 102 is given in note 15.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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 2017, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future, notwithstanding the net liabilities. The Company therefore continues to adopt the going concern basis in preparing its financial statements. The Group have confirmed its intention to provide any necessary financial support to the Company for a period of at least 12 months from the approval of the 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.

#### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

#### *Cash flow statement*

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

#### *Taxation*

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

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

#### *Deferred taxation*

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

Deferred tax balances are not discounted.

# Key Secured Lending Limited

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

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### 2 Principal accounting policies (continued)

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible assets evenly over their expected useful lives. It is calculated at the following rates:

Plant and machinery	-	20 % per annum straight line
Fixtures, fittings and equipment	-	20 % per annum straight line

#### *Goodwill*

Goodwill arising on an acquisition of a business is the difference between the fair value of the consideration payable and the fair value of the net assets acquired. It is capitalised and amortised through the Income Statement over the Directors' estimate of its useful economic life of 10 years. Impairment tests on the carrying value of goodwill are undertaken periodically.

#### *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.

#### *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.

#### *Reserves*

The Company's reserves are as follows:

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

# Key Secured Lending Limited

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

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### 3 Critical judgements and estimations

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 intangible assets including goodwill*

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 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.

##### *Impairment of tangible assets*

The Group determines whether property, plant and equipment are impaired when there is an indicator of potential impairment. This requires the determination of the recoverable amount of the cash-generating units to which property, plant and equipment are allocated. The recoverable amounts are determined by estimating the value in use of those cash-generating units. Value in use calculations require the Group to make an estimate.

##### *Deferred consideration*

The consideration paid by the Company for the Business and Assets of V-Loans consisted of the completion payment and deferred consideration. The deferred consideration is based on estimates of profitability over a period of three years.

#### Estimations

##### *Goodwill*

Goodwill arising on consolidation is being amortised over the Directors' estimate of its useful life of 10 years. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provision that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

### 4 Turnover

Turnover is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

# Key Secured Lending Limited

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

### 5 Employee numbers and expense

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

	2015 No.	2014 No.
Management	2	2
Administration staff	4	3
	<u>6</u>	<u>5</u>

The aggregate payroll costs of these persons were as follows:

	2015 £	2014 £
Wages and salaries	227,417	42,825
Social security costs	23,250	4,414
Other pension costs	2,451	-
	<u>253,118</u>	<u>47,239</u>

### 6 Operating loss and loss on ordinary activities before taxation

Operating loss has been arrived at after charging:

	2015 £	2014 £
Amortisation	27,995	4,666
Depreciation	<u>4,207</u>	<u>319</u>

#### Auditors' remuneration

Fees payable to the Company's auditors for the audit of Key Secured Lending Limited are borne by Key Group Topco Limited, the Company's ultimate parent company. In the Directors' opinion a reasonable allocation of the audit fee to Key Secured Lending Limited would be £100 (2014: £100).

# Key Secured Lending Limited

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

### 7 Taxation on loss on ordinary activities

	2015 £	2014 £
<i>Deferred tax</i>		
Origination and reversal of timing differences	32	(39)
Effect of tax rate change on opening balance	4	3
	<hr/>	<hr/>
Taxation on loss on ordinary activities	36	(36)

The tax assessed for the year is Higher (2014 – lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2015 £	2014 Restated £
Loss on ordinary activities before tax	<hr/> (369,296)	<hr/> (28,542)
Tax on loss on ordinary activities at the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	(74,770)	(6,134)
Effects of:		
Expenses not deductible for tax purposes	2,168	281
Group relief claimed	72,253	5,800
Adjustments to tax charge in respect of previous periods	-	13
Adjustment closing deferred tax to average rate of 20.25%	44	4
Adjust opening deferred tax to average rate of 20.25%	(1)	-
Deferred tax not recognised	342	-
	<hr/>	<hr/>
Total tax charge	36	(36)

# Key Secured Lending Limited

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

### 8 Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 January 2015 and 31 December 2015	139,975
<b>Amortisation</b>	
At 1 January 2015 and 31 December 2015	4,666
Charge for the year	27,995
At 31 December 2015	32,661
<b>Net book value</b>	
At 31 December 2015	107,314
At 31 December 2014	135,309

### 9 Tangible assets

	Plant and Machinery £	Fixtures, Fittings and Equipment £	Total £
<b>Cost</b>			
At 1 January 2015 and 31 December 2015	373	1,443	1,816
Additions	-	16,651	16,651
At 31 December 2015	373	18,094	18,467
<b>Depreciation</b>			
At 1 January 2015 and 31 December 2015	25	293	318
Charge for the year	120	4,087	4,207
At 31 December 2015	145	4,380	4,525
<b>Net book value</b>			
At 31 December 2015	228	13,714	13,942
At 31 December 2014	348	1,150	1,498

# Key Secured Lending Limited

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

### 10 Trade and other debtors

	2015 £	2014 £
Trade debtors	8,247	7,250
Other debtors	4,005	-
Deferred tax	-	36
Other tax and social security	416	-
Prepayments and accrued income	11,749	9,998
	<u>24,417</u>	<u>17,284</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. The deferred tax asset as at 31 December 2014 related to accelerated capital allowances.

### 11 Creditors: amounts falling due within one year

	2015 £	2014 Restated £
Trade creditors	15,881	3,474
Amounts due to Group undertakings	479,276	76,919
Accruals	8,321	31,752
	<u>503,478</u>	<u>112,145</u>

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

### 12 Creditors: amounts falling due after one year

	2015 £	2014 £
Deferred consideration	101,353	101,353
	<u>101,353</u>	<u>101,353</u>



# Key Secured Lending Limited

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

### 13 Share capital

Allotted, called up and fully paid

	2015 £	2014 £
1 (2014: 1) ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

### 14 Related Party transactions

Key management personnel is composed of the Directors, who have authority and responsibility for planning, directing and controlling the activities of the Company. The total compensation paid to key management personnel for services provided to the Company was £38,032 (2014: £nil).

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

# Key Secured Lending Limited

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

### 15 First time adoption of FRS 102

The Company has adopted FRS 102 for the first time in these financial statements. The date of transition is 1 January 2014. A description of the changes in accounting policies and the impact on the financial statements is shown below.

#### *Short-term compensated absences*

Prior to the adoption of FRS 102, Key Secured Lending Limited did not make provision for holiday pay earned but not taken before the year end. FRS 102 requires the cost of short-term compensated absences to be recognised when employees render the service that increases their entitlement.

Consequently, an accrual of £486 as at 31 December 2014 has been made to reflect this. The provision of £486 has been charged to the Income Statement in the year ended 31 December 2014.

	Equity as at 1 January 2014 £	Share capital allotted £	Loss for the year ended 31 December 2014 £	Equity as at 31 December 2014 £
As previously stated under former UK GAAP	-	1	(28,020)	(28,019)
<b>Transitional adjustments:</b>				
Short term compensated absences	-	-	(486)	(23,827)
<b>As stated in accordance with FRS 102</b>	<b>-</b>	<b>1</b>	<b>(28,506)</b>	<b>(28,505)</b>

### 16 Ultimate parent company

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

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

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