

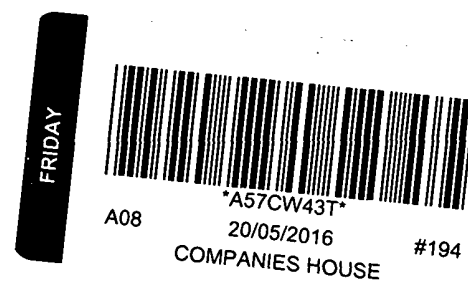
KRS Services Limited

Company number 6473775

Report and Financial Statements

Year Ended

31 December 2015



KRS Services Limited

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

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Directors

Dean Mirfin
Richard Overson
Colin Taylor

Secretary and registered office

Stephen Kilgallon
Baines House
Midgery Court
Pittman Way
Fulwood
Preston
PR2 9ZH

Company number

6473775

Auditors

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

KRS Services Limited

Directors' report for the year ended 31 December 2015

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 profit for the year.

The Directors do not propose the payment of a dividend.

Principal activities

The principal activity of the company, which has not changed during the year, is that of a service company providing support functions for other group companies. These functions encompass Compliance, Change, HR & Training, Finance, Information Technology, Corporate Sales and Marketing & Operations.

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:

Dean Mirfin
Richard Overson
Colin Taylor

KRS Services Limited

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

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

KRS Services Limited

Independent auditors' report

Independent auditors' report to the members of KRS Services Limited

We have audited the financial statements of KRS Services 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.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters prescribed by the Companies Act 2006

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

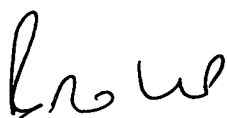
KRS Services Limited

Independent auditors' report (*Continued*)

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).

KRS Services Limited

Statement of Comprehensive Income for the year ended 31 December 2015

| | Note | 2015 £ | 2014 Restated £ |
|---|----------|----------------------|-----------------------|
| Administrative expenses | | (9,933,907) | (7,685,139) |
| Other operating income | | <u>10,029,669</u> | <u>7,908,100</u> |
| Operating profit and profit on ordinary activities before taxation | 4 | 95,762 | 222,961 |
| Taxation on profit on ordinary activities | 5 | <u>1,004</u> | <u>52,936</u> |
| Profit for the financial year | | <u>96,766</u> | <u>275,897</u> |

The results stated above are all derived from continuing operations.

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

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 8 to 14 are an integral part of these financial statements.

KRS Services Limited

Statement of Financial Position as at 31 December 2015

| | Note | 2015 £ | 2015 £ | 2014 Restated £ | 2014 Restated £ |
|---|------|-------------|----------------|-----------------------|-----------------------|
| Current assets | | | | | |
| Trade and other debtors | 6 | 3,607,006 | | 2,643,204 | |
| Cash at bank and in hand | | - | | 4,648 | |
| | | 3,607,006 | | 2,647,852 | |
| Creditors: amounts falling due within one year | 7 | (3,039,639) | | (2,177,251) | |
| Net current assets | | | 567,367 | | 470,601 |
| Net assets | | | 567,367 | | 470,601 |
| Capital and reserves | | | | | |
| Called up share capital | 9 | | 2 | | 2 |
| Profit and loss account | | | 567,365 | | 470,599 |
| Total equity | | | 567,367 | | 470,601 |

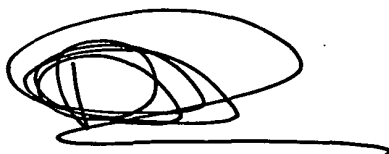
The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

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

The notes on pages 8 to 14 are an integral part of these financial statements.

The financial statements on pages 5 to 14 were approved by the Board of Directors on 20 April 2016 and were signed on its behalf by:

20 April 2016



R Overson
Director

Company registration no: 6473775

KRS Services Limited

Statement of Changes in Equity as at 31 December 2015

| | Note | Share capital | Retained earnings | Total equity |
|--|------|------------------|----------------------|-----------------|
| | | £ | £ | £ |
| Balance at 1 January 2014 | 9 | 2 | 194,752 | 194,754 |
| <i>Comprehensive income</i> | | | | |
| Profit and total comprehensive income for the year | | - | 275,897 | 275,897 |
| <i>Transactions with owners</i> | | | | |
| Capital distribution | | - | (50) | (50) |
| Balance at 1 January 2015 | 9 | 2 | 470,599 | 470,601 |
| <i>Comprehensive income</i> | | | | |
| Profit and total comprehensive income for the year | | - | 96,766 | 96,766 |
| Balance at 31 December 2015 | | 2 | 567,365 | 567,367 |

The notes on pages 8 to 14 are an integral part of these financial statements.

KRS Services Limited

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

1 Basis of preparation

KRS Services 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 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.

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 12.

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

Going concern

After reviewing the Company's forecasts and projections to December 2016, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. 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.

Other operating income

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

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.

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.

KRS Services Limited

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

2 Principal accounting policies (continued)

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.

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.

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

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant asset is charged to the Income Statement over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Income Statement over the period of the lease; and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital element reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the Income Statement on a straight-line basis over the term of the lease.

KRS Services Limited

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

3 Employee numbers and expense

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

| | 2015 No. | 2014 No. |
|----------------------|-------------|-------------|
| Management | 16 | 19 |
| Sales staff | 4 | 5 |
| Administration staff | 107 | 72 |
| | <u>127</u> | <u>96</u> |

The aggregate payroll costs of these persons were as follows:

| | 2015 £ | 2014 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 5,003,356 | 4,077,173 |
| Social security costs | 556,513 | 457,711 |
| Other pension costs | 338,727 | 151,250 |
| | <u>5,898,596</u> | <u>4,686,134</u> |

4 Operating profit

| | 2015 £ | 2014 £ |
|---|---------------|-----------|
| Operating profit has been derived after charging: | | |
| Hire of land and buildings - operating leases | 26,566 | - |
| | <u>26,566</u> | <u>-</u> |

Auditors' remuneration

Fees payable to the Company's auditors for the audit of KRS Services 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 KRS Services Limited would be £3,100 (2014: £3,000).

KRS Services Limited

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

5 Taxation on profit on ordinary activities

| | 2015 £ | 2015 £ | 2014 £ | 2014 £ |
|--|-----------|-----------|-----------|-----------|
| <i>Current tax</i> | | | | |
| UK corporation tax on profit for the year | - | - | - | - |
| Adjustments in respect of previous periods | - | (51,598) | | |
| Total current tax credit | | - | | (51,598) |
| <i>Deferred tax</i> | | | | |
| Origination and reversal of timing differences | 1,484 | | (1,338) | |
| Adjustments in respect of previous periods | (2,948) | | - | |
| Effect of tax rate change on opening balance | 460 | | - | |
| Movement in deferred tax provision | | (1,004) | | (1,338) |
| Taxation on loss on ordinary activities | | (1,004) | | (52,936) |

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

| | 2015 £ | 2014 Restated £ |
|--|-----------|-----------------------|
| Profit on ordinary activities before tax | 95,762 | 222,961 |
| Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 20.25% (2014 - 21.67%) | 19,389 | 47,921 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 130,238 | 128,005 |
| Group relief claimed | (147,958) | (177,764) |
| Adjustments to tax charge in respect of previous periods | - | (51,598) |
| Adjustments to tax charge in respect of previous periods (deferred tax) | (2,948) | - |
| Adjust closing deferred tax to average rate of 20.25% | 332 | 524 |
| Adjust opening deferred tax to average rate of 20.25% | (57) | (24) |
| Total tax credit | (1,004) | (52,936) |

KRS Services Limited

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

6 Trade and other debtors

| | 2015 £ | 2014 £ |
|-------------------------------------|------------------|------------------|
| Amounts due from Group undertakings | 2,951,976 | 2,349,496 |
| Deferred tax (note 8) | 2,659 | 1,655 |
| Other debtors | 1,045 | 785 |
| Other taxation and social security | 50,781 | 6,038 |
| Prepayments and accrued income | 600,545 | 285,230 |
| | <u>3,607,006</u> | <u>2,643,204</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.

7 Creditors: amounts falling due within one year

| | 2015 £ | 2014 Restated £ |
|-----------------------------------|------------------|-----------------------|
| Trade creditors | 311,933 | 46,635 |
| Bank overdraft | 35,689 | - |
| Amounts due to Group undertakings | 2,012,846 | 1,657,068 |
| Pension creditor | 4,592 | 4,592 |
| Accruals | 674,579 | 468,956 |
| | <u>3,039,639</u> | <u>2,177,251</u> |

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

KRS Services Limited

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

8 Deferred tax

| | £ |
|---------------------|----------------|
| At 1 January 2015 | (1,655) |
| Credit for the year | (1,004) |
| At 31 December 2015 | <u>(2,659)</u> |

The deferred tax asset of £2,659 (2014 £1,644) relates to short term timing differences.

9 Share capital

Allotted, called up and fully paid

| | 2015 £ | 2014 £ |
|--|-----------|-----------|
| 2 (2014: 2) ordinary shares of £1 each | 2 | 2 |
| | <u>2</u> | <u>2</u> |

10 Commitments under operating leases

The company had minimum lease payments under non-cancellable operating leases as set out below:

| | 2015 £ | 2014 £ |
|---|---------------|---------------|
| Not later than one year | 29,230 | 12,730 |
| Later than one year and not later than five years | 40,540 | 69,770 |
| Later than five years | - | - |
| | <u>69,770</u> | <u>82,500</u> |

11 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 £nil (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.

KRS Services Limited

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

12 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, KRS Services 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 additional accrual of £7,068 as at 1 January 2014 was made to reflect this. The provision at 31 December 2014 had increased to £8,928 and the increase in provision of £1,860 was charged to the Income Statement in the year ended 31 December 2014.

| | Equity as at 1 January 2014 £ | Capital contribution £ | Profit for the year ended 31 December 2014 £ | Equity as at 31 December 2014 £ |
|--|--|------------------------------|---|--|
| As previously stated under former UK GAAP | 201,822 | (50) | 277,757 | 479,529 |
| Transitional adjustments: | | | | |
| Short term compensated absences | (7,068) | - | (1,860) | (8,928) |
| As stated in accordance with FRS 102 | 194,754 | (50) | 275,897 | 470,601 |

13 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.