



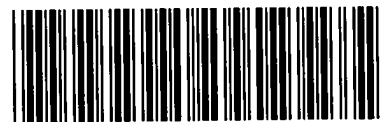
Partnership Home Loans Limited

Report and Accounts

For the year ended 31 December 2020

Company number: 05108846

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PARTNERSHIP HOME LOANS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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PARTNERSHIP HOME LOANS LIMITED

DIRECTORS' REPORT

The Directors present their Annual Report and the audited Financial Statements for the year ended 31 December 2020. The Company has taken advantage of the exemption in section 414A(2) of the Companies Act 2006 from the requirement to prepare a strategic report on the basis that it would be entitled to prepare financial statements for the year in accordance with the small companies regime but for being a member of an ineligible group.

REVIEW OF THE BUSINESS

The principal activity of the Company is the provision of lifetime mortgage products. The Company generates sales through independent financial advisors and earns loan origination fees on mortgages sold to a fellow group undertaking, Partnership Life Assurance Company Limited. The Company was closed to new business in 2016 following the merger of Partnership Assurance Group plc and Just Retirement Group plc, however, it continues to write further advances on existing policies and retains regulatory responsibilities in respect of the policies in force.

The Company carries on regulated activities in the United Kingdom and is subject to regulation by the Financial Conduct Authority.

The priority of the Board in 2020 was to ensure the wellbeing of colleagues and customers in response to the global COVID-19 pandemic. During March 2020 a rapid rollout of new technology and other equipment enabled 99% of the Group's employees to work at home productively. The pandemic did not significantly impact the operations of the Company and it was able to maintain the delivery of all services to customers, most of whom are in the more vulnerable groups.

The beneficial interest in all the further advances completed during 2020 were sold to a fellow group undertaking, Partnership Life Assurance Company Limited.

During the year the Company issued 500,000 ordinary shares (31 December 2019: 450,000) to Partnership Group Holdings Limited ('PGHL') for consideration of £500,000 (31 December 2019: £450,000).

KEY PERFORMANCE INDICATORS

The key performance indicators used by the Directors to manage the Company's operations include fee and commission income and profit after tax on an IFRS basis.

There are no non-financial key performance indicators.

| | 2020 | 2019 |
|---------------------------|-----------|-----------|
| | £ | £ |
| Loss after tax | (442,970) | (467,796) |
| Fee and commission income | 18,461 | 52,658 |

The decision to cease selling new business following the merger resulted in a reduction in the fee and commission income and the Company becoming loss making due to the cost base being made up of predominately of recharges relating to fees in respect of the administration of the business by a third party and an element of fixed costs.

The Company is regulated by the FCA and is required to maintain capital in excess of its capital requirements at all times. The Company's solvency ratio as at 31 December 2020 was 613% (31 December 2019: 556%).

RESULTS AND DIVIDEND

The Company made a loss of £442,970 for the year as set out in the Statement of Comprehensive Income on page 9 (2019: Loss £467,796). The Directors do not recommend the payment of a dividend (2019: £nil).

DIRECTORS' INDEMNITIES

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company. Such qualifying third party indemnity provision remains in force at the date of this report.

Directors' and officers' liability insurance cover was maintained throughout the year in respect of all the Company's Directors and remains in force at the date of this report.

PARTNERSHIP HOME LOANS LIMITED

DIRECTORS

The Directors of the company who were in office during the year and up to the date of signing the financial statements were:

Paul Bishop
David Cooper
Ian Cormack
Steve Melcher
David Richardson
Paul Turner
Andrew Parsons

Chair

Appointed 13 February 2020

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is not materially exposed to any financial risk, other than credit risk, to fellow Group companies for recovery of fees charged and interest rate risk in relation to cash positions and bank overdrafts. All risks and rewards associated with lifetime mortgages are transferred to Partnership Life Assurance Company Limited as they are sold at the point of origination. The Company is a subsidiary undertaking of Just Group plc and credit risk is managed on a Group wide basis. Periodic cash settlement of intra-group balances is carried out. The cash requirements of the Company are monitored daily and managed accordingly. In addition to financial risk, the Company is exposed to operational risk, including those related to the ongoing COVID-19 pandemic. Operational risk arises from inadequate or failed internal processes, people and systems or from external events. The Company maintains a suite of risk management tools to help manage its operational risks including facilitated risk and control self-assessments, risk event management and loss reporting. Underlying and informing the operation of these tools is a framework of formal policies and controls which govern the management and oversight of the risks faced by the Company. These include business continuity and disaster recovery arrangements. There have been no significant changes to the principal risks during the year and the risk outlook for each of the risks described above is expected to remain stable.

GOING CONCERN

Notwithstanding a loss for the year of £442,970 and any potential impacts from the ongoing COVID-19 pandemic, which are not expected to be significant, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors consider that the Company will have sufficient funds, through funding from its ultimate parent Company, Just Group plc, to meet its liabilities as they fall due for that period.

Just Group plc has indicated through a letter of support its intention to continue to make available such funds as are needed by the Company. As with any Company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Additionally, during 2020 Partnership Group Holdings Limited made an investment of £500,000 in return for Share Capital of 500,000 ordinary shares of £1 each.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

POLITICAL DONATIONS

No political contributions were made during the year ended 31 December 2020 (2019: £nil).

PARTNERSHIP HOME LOANS LIMITED

DISCLOSURE OF INFORMATION TO AUDITORS

Each person who was a Director of the Company on the date that this report was approved confirms that, so far as he or she is aware, there is no relevant audit information, being information needed by the Auditors in connection with preparing their report, of which the Auditors are unaware. Each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant information and to establish that the Auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP ("PwC") was appointed the external auditors of the Company for the year ended 31 December 2020. PwC has expressed its willingness to continue in office as the external auditors of the Company. Pursuant to Section 487 of the Companies Act 2006, the external auditors of the Company will be deemed to be reappointed and PwC will therefore continue in office.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

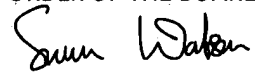
The directors are responsible for the maintenance and integrity of the company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BY ORDER OF THE BOARD



Simon Watson

Company Secretary

23 April 2021

Registered Office:
Enterprise House
Bancroft Road
Reigate
Surrey
RH2 7RP

Registered in England
Number: 05108846



Independent auditors' report to the members of Partnership Home Loans Limited Report on the audit of the financial statements

Opinion

In our opinion, Partnership Home Loans Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Accounts (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2020; the Statement of comprehensive income; the Statement of changes in equity; the Statement of cash flows 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 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 Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of fraudulent journals. Audit procedures performed included:

- Reviewing relevant meeting minutes, including those of the Board of Directors;
- Validating the appropriateness of journal entries identified based on our fraud risk criteria;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Assessing the impact of COVID-19 on the inherent risk of fraud, including potential opportunities for fraud with more remote working and where internal controls may not be operating the way they usually do.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Thomas Ferguson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 April 2021

PARTNERSHIP HOME LOANS LIMITED
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

| | Note | Year ended 31 Dec 2020 £ | Year ended 31 Dec 2019 £ |
|--|------|--------------------------------|--------------------------------|
| Net investment income | 2 | 292 | 967 |
| Fee and commission income | 3 | 18,461 | 52,658 |
| Total income | | 18,753 | 53,625 |
| Acquisition costs | 4 | (12,469) | (26,934) |
| Other operating expenses | 5 | (559,797) | (610,698) |
| Total expenses | | (572,266) | (637,632) |
| Loss before tax | | (553,513) | (584,007) |
| Income tax | 6 | 110,543 | 116,211 |
| Loss and total comprehensive loss for the year attributable to equity holders | | (442,970) | (467,796) |

The notes on pages 12 to 16 are an integral part of these financial statements.

PARTNERSHIP HOME LOANS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

| Year ended 31 December 2020 | Share capital | Accumulated loss | Total |
|--|----------------------|-------------------------|------------------|
| | £ | £ | £ |
| At 1 January 2020 | 2,115,000 | (1,559,142) | 555,858 |
| Loss for the year | - | (442,970) | (442,970) |
| Total accumulated losses for the year | - | (442,970) | (442,970) |
| Capital injection | 500,000 | - | 500,000 |
| At 31 December 2020 | 2,615,000 | (2,002,112) | 612,888 |

| Year ended 31 December 2019 | Share capital | Accumulated loss | Total |
|--|----------------------|-------------------------|------------------|
| | £ | £ | £ |
| At 1 January 2019 | 1,665,000 | (1,091,346) | 573,654 |
| Loss for the year | - | (467,796) | (467,796) |
| Total accumulated losses for the year | - | (467,796) | (467,796) |
| Capital injection | 450,000 | - | 450,000 |
| At 31 December 2019 | 2,115,000 | (1,559,142) | 555,858 |

The notes on pages 12 to 16 are an integral part of these financial statements.

PARTNERSHIP HOME LOANS LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

| | Note | 2020 £ | 2019 £ |
|-------------------------------------|------|----------------|----------------|
| Assets | | | |
| Receivables | 8 | 440,661 | 683,776 |
| Cash and cash equivalents | 9 | 172,227 | 112,139 |
| Total assets | | 612,888 | 795,915 |
| Equity | | | |
| Share capital | 10 | 2,615,000 | 2,115,000 |
| Accumulated losses | | (2,002,112) | (1,559,142) |
| Total equity | | 612,888 | 555,858 |
| Liabilities | | | |
| Payables | 11 | - | 240,057 |
| Total liabilities | | - | 240,057 |
| Total equity and liabilities | | 612,888 | 795,915 |

The notes on pages 12 to 16 are an integral part of these financial statements.

The Financial Statements were approved by the Board of Directors on 23 April 2021 and were signed on its behalf by:



Paul Turner
Director

PARTNERSHIP HOME LOANS LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

| | Note | Year ended 31 Dec 2020 | Year ended 31 Dec 2019 |
|---|-------------|-----------------------------------|-----------------------------------|
| | | £ | £ |
| Cash flows from operating activities | | | |
| Loss before tax | | (553,513) | (584,007) |
| Decrease/(Increase) in receivables | 8 | 243,115 | (120,469) |
| (Decrease)/Increase in payables | 11 | (240,057) | 189,302 |
| Corporation tax received | | 110,543 | 109,271 |
| Net cash outflow from operating activities | | (439,912) | (405,903) |
| Cash flows from financing activities | | | |
| Proceeds from issue of share capital | | 500,000 | 450,000 |
| Net cash inflow from financing activities | | 500,000 | 450,000 |
| Net increase in cash and cash equivalents | | 60,088 | 44,097 |
| Cash and cash equivalents at beginning of year | | 112,139 | 68,042 |
| Cash and cash equivalents at end of year | 9 | 172,227 | 112,139 |

The notes on pages 12 to 16 are an integral part of these financial statements.

PARTNERSHIP HOME LOANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Significant accounting policies

General information

The Company was incorporated and registered in England and Wales on 22 April 2004 as a private company limited by shares. The Company's registered office is Enterprise House, Bancroft Road, Reigate, Surrey, RH2 7RP.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, effective for accounting periods commencing on or before 1 January 2020 and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. Values are expressed to the nearest £1.

There are no new accounting standards or amendments to existing accounting standards effective from 1 January 2020 that have an impact on the Company.

Notwithstanding a loss for the year of £442,970 and any potential impacts from the ongoing Covid-19 pandemic which are not expected to be significant, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors consider that the Company will have sufficient funds, through funding from its ultimate parent Company, Just Group plc, to meet its liabilities as they fall due for that period.

Just Group plc has indicated through a letter of support its intention to continue to make available such funds as are needed by the Company. As with any Company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Additionally, during 2020 Partnership Group Holdings Limited made an investment of £500,000 in return for Share Capital of 500,000 ordinary shares of £1 each.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Significant accounting policies and the use of judgements, estimates and assumptions

1.2 Net investment income

Interest income is accounted for on a receivable basis. Interest income is accrued up to the statement of financial position date.

1.3 Revenue from contracts with customers

Revenue is recognised at the point in time when the Company satisfies its performance obligation to act as an agent issuing further advances to existing policyholders on behalf of fellow group company PLACL. The amount invoiced and consideration received represents consideration for the services provided.

Fee and commission income consists of amounts received from fellow Group undertakings for originating loans provided under the terms of the Company's management services agreements. Loan origination fees are the only revenue stream and comprise fees which are recognised when the lifetime mortgage is sold onwards.

1.4 Acquisition Costs

Acquisition costs comprise direct costs such as commission and indirect costs of obtaining and processing advances on lifetime mortgages and are recognised as incurred.

PARTNERSHIP HOME LOANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.5 Other operating expenses

Other operating expenses are recognised on an accruals basis and include fees paid to third party administrators and those incurred while underwriting loans, as well as general overheads.

1.6 Taxation

The current tax expense is based on the taxable profits for the year, using tax rates substantively enacted at the statement of financial position date, and after any adjustments in respect of prior years. Tax, including tax relief for losses applicable, is allocated over profits before taxation and amounts charged or credited to components of other comprehensive income and equity as appropriate losses.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method, on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The principal temporary differences arise from the revaluation of certain financial assets and liabilities, including technical provisions and other insurance items and tax losses carried forward, and include amortised transitional tax adjustments resulting from changes in tax basis.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.7 Trade and other receivables

Trade receivables are accounted for at invoiced amount in accordance with the practical expedient available in IFRS 9 for short-term trade receivables that do not contain a significant financing component. Expected credit losses are measured at the lifetime expected credit losses in accordance with the simplified approach available in IFRS 9. Trade receivables are all due from fellow group companies and as such management have concluded that expected credit losses are nil, this is consistent with historic experience and management's future expectations

1.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held in call with banks and other short term highly liquid investments with original maturities of 90 days or less. Banks overdrafts are included in cash and cash equivalents.

Cash balances – credit risk on cash assets is managed by imposing restrictions over the credit ratings of third parties with whom cash is deposited. The credit rating for Cash and cash equivalents assets at 31 December 2020 was between a range of AA and BB.

2. Net investment income

| | Year ended 31 Dec 2020 | Year ended 31 Dec 2019 |
|-----------------|---------------------------|---------------------------|
| | £ | £ |
| Interest income | 292 | 967 |
| | 292 | 967 |

3. Fee and commission income

Loan origination fees are the only revenue from contracts with customers and comprise fees which are recognised when the lifetime mortgage is sold to a fellow group undertaking, Partnership Life Assurance Company Limited.

The Company sells the beneficial title of the equity release mortgage loans that it originates. The proceeds of sale include the value of the equity release mortgage advanced and a loan origination fee. Proceeds of sale are received at the same point that equity release mortgage loans are advanced. Loan origination fees are equal to the difference between the proceeds of sale and equity release mortgage loan. Loan origination fees are received and recognised at the same point that mortgage loans are advanced and simultaneously sold on.

PARTNERSHIP HOME LOANS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

Disaggregation of revenue from contracts with customers

| | Year ended 31 Dec 2020 | Year ended 31 Dec 2019 |
|--|---------------------------|---------------------------|
| | Total | Total |
| | £ | £ |
| Product/Service | | |
| Loan origination fees | 18,461 | 52,658 |
| Timing of revenue recognition | | |
| Products transferred at point in time | 18,461 | 52,658 |
| Revenue from contracts with customers | 18,461 | 52,658 |

All revenue from contracts with customers is from the U.K.

4. Acquisition costs

| | Year ended 31 Dec 2020 | Year ended 31 Dec 2019 |
|----------------------------|---------------------------|---------------------------|
| | £ | £ |
| Commission | 5,988 | 17,423 |
| Other acquisition expenses | 6,481 | 9,511 |
| | 12,469 | 26,934 |

5. Other operating expenses

Just Retirement Management Services Limited ("JRMS"), fellow subsidiary undertaking, has incurred all administration, staff and pension costs on behalf of the Company. The Company does not employ any staff. The Directors were not directly remunerated for their roles as Directors of the Company as the amount of time spent performing their duties was incidental to their roles as key management personnel of the Just plc Group. Auditors remuneration of £14,443 (2019: £8,708) in respect of the audit of the Company's financial statements was incurred by JRMS. There were no non-audit fees paid to the auditors.

6. Income tax

| | Year ended 31 Dec 2020 | Year ended 31 Dec 2019 |
|---|---------------------------|---------------------------|
| | £ | £ |
| UK Corporation tax | | |
| Tax in respect of current year at 19% (2019: 19%) | (110,543) | (116,211) |
| Total current tax | (110,543) | (116,211) |
| Total Tax | (110,543) | (116,211) |

The actual tax credit is computed by applying the average UK corporation tax rate of 19% for 2020 (2019: 19%) as follows:

| | Year ended 31 Dec 2020 | Year ended 31 Dec 2019 |
|--|---------------------------|---------------------------|
| | £ | £ |
| Factors affecting the tax charge | | |
| Loss before tax | (553,513) | (584,007) |
| Current taxation at 19% (2019: 19%) | (105,167) | (110,961) |
| Expenses not deductible for tax purposes | (5,376) | (5,250) |
| Income tax credit | (110,543) | (116,211) |

PARTNERSHIP HOME LOANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than previously enacted reduction to 17%. On 3 March 2021, the Government announced an increase in the rate of corporation tax to 25% from 1 April 2023. The change in rate has yet to be substantively enacted.

The income tax credit represents group relief recoverable by a fellow group entity and accordingly held as a balance receivable at the year end. Refer to Related parties note 15.

7. Staff costs

Staff costs are recharged from fellow Group undertaking Just Retirement Management Services Limited, in accordance with management services agreements. All staff are employed by Just Retirement Management Services Limited and details of employee numbers are available in the financial statements of this Company.

8. Receivables

| | 2020 | 2019 |
|---|----------------|----------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Amounts due from group undertaking | 440,003 | 683,118 |
| Prepayments and accrued income | 658 | 658 |
| | <u>440,661</u> | <u>683,776</u> |

9. Cash and cash equivalents

| | 2020 | 2019 |
|--------------------------|----------------|----------------|
| | £ | £ |
| Cash at bank and in hand | 172,227 | 112,139 |
| | <u>172,227</u> | <u>112,139</u> |

10. Share capital

| | 2020 | 2019 |
|--|-----------|-----------|
| | £ | £ |
| Allotted, issued and fully paid: | | |
| 2,615,000 ordinary shares of £1 each (2019: 2,115,000) | 2,615,000 | 2,115,000 |

11. Payables

| | 2020 | 2019 |
|---------------------------------------|----------|----------------|
| | £ | £ |
| Amounts payable within one year: | | |
| Amount due to other group undertaking | - | 240,057 |
| | <u>-</u> | <u>240,057</u> |

12. Capital Commitments

The Company had no capital commitments as at 31 December 2020 (2019: nil).

13. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2020 (2019: nil).

PARTNERSHIP HOME LOANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Capital

The Company is regulated by the FCA and is required to maintain capital in excess of its capital requirements at all times. The Company has received regular capital injections during the year from its immediate parent company totalling £500,000 (2019: £450,000). The capital position at the end of the year is shown in the table below:-

| | Year ended 31 Dec 2020 | Year ended 31 Dec 2019 |
|----------------------------------|---------------------------|---------------------------|
| | £ | £ |
| Capital resources | 612,888 | 555,858 |
| Capital requirement (unaudited) | 100,000 | 100,000 |
| Surplus of resources (unaudited) | 512,888 | 455,858 |
| Capital ratio (unaudited) | 613% | 556% |

15. Related parties

The related parties in the tables below are all fellow group undertakings. Intercompany balances are unsecured and settled in cash on a periodic basis.

Trading transactions

During the year the Company incurred fees of £565,055 in respect of management services provided by Just Retirement Management Services Limited (2019: £550,321) and £779 in respect of management services provided by Partnership Services Limited (2019: £2,269). £110,543 is owed to the Company in respect of group relief surrendered to a fellow group entity for the year (2019: £116,211).

During the year the Company earned income of £18,461 (2019: £52,658) in respect of fees on the sale of mortgage loans to a fellow group undertaking, Partnership Life Assurance Company Limited.

The following balances in respect of related parties were owed by the Company at the end of the year:

| | 2020 | 2019 |
|---|------|---------|
| | £ | £ |
| Just Retirement Management Services Limited | - | 240,057 |
| | - | 240,057 |

The following balances in respect of related parties were owed to the Company at the end of the year:

| | 2020 | 2019 |
|---|---------|---------|
| | £ | £ |
| Just Retirement Management Services Limited | 8,806 | - |
| Partnership Services Limited | - | 129,174 |
| Partnership Life Assurance Company Limited | 320,654 | 437,733 |
| Group relief receivable | 110,543 | 116,211 |
| | 440,003 | 683,118 |

16. Ultimate parent company

The Company's immediate parent Company is Partnership Group Holdings Limited, registered in England and Wales. The ultimate parent Company of the group in which the results of Partnership Home Loans Limited are consolidated is Just Group plc, a Company incorporated in England and Wales.

17. Post balance sheet events

There are no other post balance sheet events that have taken place between 31 December 2020 and the date of this report that are required to be brought to the attention of the shareholders.