

Registered number: 6473775

KRS SERVICES LIMITED

UNAUDITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

MONDAY



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KRS SERVICES LIMITED

COMPANY INFORMATION

Directors Simon Drew
Simon Thompson

Registered number 6473775

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KRS SERVICES LIMITED

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KRS SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022. References to 'Group' throughout the Annual report and financial statements relate to the ultimate parent of the Company being Theo Topco Limited and its group of subsidiaries.

Business review

The Company's principal activities are that of a service company providing support functions for other companies within the Key Retirement Group.

Economic environment

Overall, 2022 was a good year for the Group with the size of the equity release market growing by 29% during the year to £6.2bn and a market in which the Group outperformed its peers and cemented its position as the market leader in equity release.

However, the UK Government's September 2022 'mini' budget and subsequent Liability driven investment (LDI) crisis created a period of market uncertainty in which some funders momentarily suspended their operations whilst they appraised the situation. This has impacted Group revenue in quarter 4 of 2022 and in the first half of 2023.

Funders are typically active in the bulk purchase annuity market used for the buy-in and buy-out of pension schemes and as such, require long-dated equity release assets to offset against these long-dated liabilities. This funder demand remains strong, and as confidence has returned in the general economy, funders have returned to the equity release market.

The consumer demand for equity release remains strong as the majority of customers use the product to meet their financial needs in retirement. For many customers equity release enables them to transition into retirement, provides them with a source of funds alongside their pensions to meet both their future living costs and their aspirations for retirement, and enables them to settle outstanding mortgages and other debt they may have at the time. Given the ongoing cost of living crisis and longer-term challenges of those in later life having adequate pension provisions and facing significant debt repayments, equity release will continue to play an important role in enabling customers to fund and enjoy their retirements.

Results and dividends

The statutory results for the Company show a profit before tax of £20k. The directors do not propose the payment of a dividend. The net assets of the Company were £1,270k.

Directors

The directors who served during the year and up until the date of signing the financial statements were:

Simon Drew
Simon Thompson

Going concern

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Company has adequate resources for a period of at least 12 months from the date of signing the financial statements. For further details see note 2.1.

KRS SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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 and was in force during the financial period ended 31 December 2022 and also at the date of approval of the financial statements.

Small company exemptions

In preparing this report, the Directors have taken advantage of the small companies exemptions provided within Part 15 of the Companies Act 2006. This includes the exemption from presenting a Strategic report and select Directors' report disclosures.

Financial risk management

The financial risk management and policies of the Company are consistent with those of the Group. For further details, see note 19 of the Theo Topco Limited Annual report and financial statements for the year ended 31 Decemebr 2022, which does not form part of this report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the Group and are not managed seperately. The principal risks and uncertainties of the Group, which includes those of the Company, are disclosed in the Theo Topco Limited Annual report and financial statements for the year ended 31 December 2022, which does not form part of this report.

Existence of branches outside of the United Kingdom

The Company has no branches outside of the United Kingdom.

KRS SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Statement of Directors' responsibilities in respect of the financial statements

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 year. Under that law the Directors have prepared the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' and applicable law). 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.

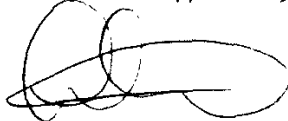
In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

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.

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



S Drew
Director

Date: 14 September 2023

KRS SERVICES LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Turnover		13,121	8,733
Administrative expenses		(12,914)	(8,744)
Operating profit/(loss)	4	207	(11)
Interest payable and similar expenses	6	(187)	(124)
Profit/(loss) before tax		20	(135)
Tax on profit/(loss)	7	(36)	(75)
Loss for the financial year		(16)	(210)

KRS SERVICES LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Non-current assets					
Intangible Assets	8		5,433		3,987
Tangible assets	9		1,500		1,180
Right-of-use Assets	10		3,281		2,012
			<u>10,214</u>		<u>7,179</u>
Current assets					
Trade and other receivables: amounts falling due within one year	11	8,153		2,719	
Cash and cash equivalents	12	-		79	
		<u>8,153</u>		<u>2,798</u>	
Trade and other payables: amounts falling due within one year	13	(13,530)		(6,349)	
Net current liabilities			<u>(5,377)</u>		<u>(3,551)</u>
Total assets less current liabilities			<u>4,837</u>		<u>3,628</u>
Trade and other payables: amounts falling due after more than one year	14		(3,118)		(2,073)
Provisions for liabilities					
Deferred tax	15	(279)		(269)	
Other provisions	16	(170)		-	
			<u>(449)</u>		<u>(269)</u>
Net assets			<u><u>1,270</u></u>		<u><u>1,286</u></u>
Capital and reserves					
Called up share capital	18		5,500		5,500
Accumulated losses			(4,230)		(4,214)
			<u>1,270</u>		<u>1,286</u>

The Directors consider that the Company is entitled to exemption from audit under section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

KRS SERVICES LIMITED

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022**

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 4 to 24 were approved and authorised for issue by the board and were signed on its behalf by:



S Drew
Director

Date: 14 September 2023

Company registration number: 6473775

KRS SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £000	Accumulated Losses £000	Total equity £000
At 1 January 2021	5,500	(4,004)	1,496
Loss for the financial year	-	(210)	(210)
At 1 January 2022	5,500	(4,214)	1,286
Profit for the financial year	-	(16)	(16)
At 31 December 2022	5,500	(4,230)	1,270

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

KRS Services Limited is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006. The Company is domiciled in the United Kingdom and the address of its 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.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

Going concern

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Company has adequate resources for a period of at least 12 months from the date of signing the financial statements. This assessment has considered the Company's relationship with its Group and its position as obligor under the Group's loan agreement.

The Directors' assessment of the Company's ability to continue as a going concern considered a number of qualitative factors such as the growing demand for later life lending products and the Group's leading position in the equity release market. In addition to this, the Directors' assessment considered the Group's cash flow and covenant projections (which includes the Company), which incorporated the impact of the uncertainty experienced in the financial service sector, and specifically the equity release market, as described in detail on page 1 of the Strategic report.

At the 31 December 2022, the Group had a robust financial position providing it with sufficient access to liquidity to meet its needs over at least the next 12 months. At the 31 December 2022, the Group had headroom on its covenant basis net debt leverage ratio and its covenant basis interest cover ratio. The base scenario modelled demonstrated sufficient liquidity and financial covenant headroom being available over a period of at least 12 months. Whilst beyond the period of the going concern assessment, the Directors note that the Group's existing £53.9m loan facility matures in July 2024 and that the Group will look to refinance this ahead of this date.

As of the timing of the signing of these accounts all the Group's funders have returned to the market, remain committed to the equity release asset and have signalled strong continued appetite for the asset class especially for the Solvency II balance-sheets.

The Group also modelled a downside scenario under which the Group and Company have a number of mitigating actions in their control should these be needed to enable covenant compliance, including removing cost and cash incurring expenditure across its operations in the event that the recovery takes place over a longer duration. In the severe and uncertain event that cash flow generation is even more protracted and these mitigations were not sufficient, then there are equity cure rights within the Facilities Agreement which the Group may expect to utilise.

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.2 Adoption of new and revised standards

There were no new standards, interpretations and amendments, effective for the year ended 31 December 2022, that were relevant or would have a material impact on the Company financial statements.

IFRS 17 Insurance Contracts

During the year ended 31 December 2022, the Company early adopted the requirements of IFRS 17 in accordance with its transitional provisions. The adoption of IFRS 17 has had no impact on the financial statements nor is it expected to have an impact on future reporting periods.

2.3 Financial reporting standard 101 - reduced disclosure exemptions

Where applicable, the company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosure
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 -136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.4 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled from contracts with customers and excludes amounts collected on behalf of third parties, value added tax and any cashback provided. The Company recognises revenue when it satisfies the performance obligations within the contract which is when it transfers control of a product or service to a customer.

Revenue represents management charges for services provided to fellow Group companies for the period covered by the financial statements.

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.5 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of the underlying deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.6 Right-of-use assets

Right-of-use assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical costs includes the initial amount of the lease liability, any initial direct costs incurred and an estimate of any dilapidation costs. Also included are the costs of lease payments made, less any lease incentives received, at or before the commencement date.

At each reporting date the Group assesses whether there is indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Subsequent to initial measurement, the right-of-use asset is also adjusted for certain remeasurements of the associated lease liability, details of which are provided in note 17.

Depreciation is charged on a straight line basis so as to allocate the cost of assets less any residual value, over the shorter of lease term or useful economic life of the underlying asset.

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.7 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful economic life.

Amortisation is charged so as to allocate the cost of assets less any residual value, over the estimated useful economic life, on the following straight-line basis:

Customer lists	-	20 % per annum
Computer software	-	20 % per annum

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use it
- there is an ability to use the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs where appropriate. Capitalised development costs are amortised from the point at which the asset is ready for use.

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.8 Property, plant and equipment (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following straight-line basis:.

Fixtures, fittings and equipment -	20% per annum
Computer hardware -	33% per annum (2021: 20%)
Tenant Improvements -	10% per annum or the remaining lease term, whichever is shorter

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

2.9 Trade and other receivables

Trade and other receivables are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost.

A provision for impairment of trade receivables is recognised based on lifetime expected credit losses at each reporting date.

Accrued income relates to amounts earned at the reporting date which have not yet been invoiced.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash-in-hand, cash-at-bank, bank overdrafts and deposits readily convertible to known amounts of cash and that have an original maturity of three months or less. In the Statement of Financial Position, bank overdrafts that do not have right of offset are presented within current liabilities.

2.11 Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are measured subsequently at amortised cost.

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.12 Lease Liabilities

For leases where the company is a lessee, the company recognises a right-of-use asset and a lease liability at the commencement date of the lease.

Lease liabilities are initially measured at the present value of the lease payments due during the lease term but that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed payments and applicable variable lease payments (which depend on an index or a rate). The lease term includes periods covered by extension and break options if the Company is reasonably certain to extend the lease or to not exercise the break.

The discount rates applied in the measurement of the lease liabilities represent the Company's incremental borrowing rates. The incremental borrowing rates are determined through a build up approach, starting with a risk-free rate specific to the term and economic environment of the lease, adjusted for both the credit risk of the lessee and other characteristics of the lease (for example the quality of the underlying assets). The inputs used to determine the rates are regularly reassessed, based on historical experience and other factors which the Directors believe to be reasonable.

Each lease payment is allocated between the capital repayment of the liability and the finance cost element. The finance cost is charged to the Income Statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index, rate or a lease modification. When extension or break options are exercised (or not exercised) in a way inconsistent with the prior assessments of those options, or if those assessments are changed, then lease liabilities will also be remeasured.

The Company has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less (short-term leases) and lease contracts for which the underlying asset is of low value (low value leases). Lease payments on short term leases and those on low value leases are recognised as an expense in the Income Statement on a straight-line basis over the lease term.

2.13 Reserves

The Company's reserves are as follows:

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

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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.

There were no matters to report that required a higher degree of judgement or complexity, or areas where assumptions and estimates were significant to the financial statements.

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2022 £000	2021 £000
Depreciation of property, plant and equipment	511	251
Depreciation of right of use assets	372	220
Amortisation of intangible assets	1,321	977
Impairment of intangible assets	-	134
Loss on disposal of property, plant and equipment	71	-

5. Employees

Staff costs were as follows:

	2022 £000	2021 £000
Wages and salaries	2,095	1,624
Social security costs	248	159
Other pension costs	141	71
	<u>2,484</u>	<u>1,854</u>

Employee benefits expense of £2,484k (2021: £1,854k) relates to services provided by individuals who are in substance employees of the Company, but from a legal perspective are employees of its parent, KRS Finance Limited. The Company directly incurs the expense in relation to these employees. The average number of employees (excluding Directors) providing services to the company during the year was 42 (2021: 42).

The Directors are Directors of a number of fellow subsidiaries and as such, it is not feasible to make an accurate apportionment of their emoluments in respect to each of these subsidiaries. Accordingly, the above disclosure includes no emoluments in respect to these directors however their total emoluments are included in the aggregate of Key management personnel emoluments in the financial statements of the Ultimate parent undertaking, Theo Topco Limited.

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Interest payable and similar expenses

	2022 £000	2021 £000
Finance leases	187	124
	<u>187</u>	<u>124</u>

7. Taxation

	2022 £000	2021 £000
Current tax on profits for the year	-	(26)
Adjustments in respect of previous periods	26	-
	<u>26</u>	<u>(26)</u>
Total current tax	<u>26</u>	<u>(26)</u>
Deferred tax		
Origination and reversal of timing differences	27	66
Adjustments in respect of previous periods	(25)	35
Effects of changes in tax rates	8	-
Total deferred tax	<u>10</u>	<u>101</u>
Taxation on profit on ordinary activities	<u>36</u>	<u>75</u>

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19 %) as set out below:

	2022 £000	2021 £000
Profit/(loss) on ordinary activities before tax	20	(135)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	4	(26)
Effects of:		
Capital allowances for year in excess of depreciation	-	36
Fixed asset differences	3	-
Expenses not deductible for tax purposes	5	-
Adjustments to brought forward values	(23)	-
Adjustments to tax charge in respect of prior periods	26	-
Adjustments to tax charge in respect of prior periods - deferred tax	(25)	-
Temporary not recognised in computation	(6)	-
Remeasurement of deferred tax for changes in tax rates	8	-
Temporary differences	-	65
Group relief	44	-
Total tax charge for the year	36	75

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Intangible assets

	Customer Listings £000	Computer software £000	Total £000
Cost			
At 1 January 2022	250	5,437	5,687
Additions	-	2,767	2,767
At 31 December 2022	250	8,204	8,454
Accumulated amortisation			
At 1 January 2022	67	1,633	1,700
Charge for the year	50	1,271	1,321
At 31 December 2022	117	2,904	3,021
Net book value			
At 31 December 2022	133	5,300	5,433
At 31 December 2021	183	3,804	3,987

The Company has performed its annual assessment of its amortisation policies and asset lives and deemed these to be appropriate.

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Property, plant and equipment

	Tenant Improvements £000	Computer hardware £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 1 January 2022	937	824	21	1,782
Additions	-	903	-	903
Disposals	-	(120)	-	(120)
At 31 December 2022	<u>937</u>	<u>1,607</u>	<u>21</u>	<u>2,565</u>
Accumulated depreciation				
At 1 January 2022	246	352	4	602
Charge for the year	95	414	2	511
Disposals	-	(48)	-	(48)
At 31 December 2022	<u>341</u>	<u>718</u>	<u>6</u>	<u>1,065</u>
Net book value				
At 31 December 2022	<u>596</u>	<u>889</u>	<u>15</u>	<u>1,500</u>
At 31 December 2021	<u>691</u>	<u>472</u>	<u>17</u>	<u>1,180</u>

The Company has performed its annual assessment of its depreciation policies and asset lives and has revised the estimated useful life of computer hardware assets from five years to three years during the year ended 31 December 2022. The revision has been accounted for prospectively as a change in accounting estimate which has had an immaterial impact on the amount of depreciation in the year.

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Right-of-use assets

	Property £000
Cost	
At 1 January 2022	2,452
Additions	1,641
At 31 December 2022	<u>4,093</u>
Accumulated depreciation	
At 1 January 2022	440
Charge for the period	372
At 31 December 2022	<u>812</u>
Net book value	
At 31 December 2022	<u>3,281</u>
At 31 December 2021	<u>2,012</u>

11. Trade and other receivables: amounts falling due within one year

	2022 £000	2021 £000
Amounts owed by group undertakings	6,601	2,282
Other receivables	307	40
Prepayments and accrued income	1,245	397
	<u>8,153</u>	<u>2,719</u>

All amounts shown under trade receivables fall due for payment within one year. Amounts owed by 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 2022**

12. Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	-	79
Less: bank overdrafts (included in Trade and other payables, see note 13)	(1,139)	-
	<u>(1,139)</u>	<u>79</u>

Cash is managed across the Group on a daily basis to ensure that the Company has sufficient cash available to fund its operations. The bank overdraft was cleared the next working day through repayment of amounts owed by group undertakings.

13. Trade and other payables: amounts falling due within one year

	2022 £000	2021 £000
Bank overdrafts	1,139	-
Trade payables	2,044	73
Amounts owed to group undertakings	8,514	5,370
Lease liabilities	390	232
Accruals and deferred income	1,443	674
	<u>13,530</u>	<u>6,349</u>

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

14. Trade and other payables: amounts falling due after more than one year

	2022 £000	2021 £000
Lease liabilities	3,118	2,073
	<u>3,118</u>	<u>2,073</u>

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Deferred taxation

	2022 £000
At beginning of year	(269)
Charged to income statement	(10)
At end of year	(279)

The provision for deferred taxation is made up as follows:

	2022 £000	2021 £000
Accelerated capital allowances	(279)	(243)
Other taxable temporary differences	-	(43)
PPE & Intangible assets	-	17
	(279)	(269)

16. Provisions

	Dilapidation Provision £000
Charged to income statement	170
At 31 December 2022	170

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Leases

Company as a lessee

Lease liabilities relate to property and car parks (see note 10) . Property leases typically include rent review terms that require rents to be adjusted on a periodic basis, following market rent increase.

The interest expense on lease liabilities is shown in note 6. The depreciation expense for leased assets during the year is shown in note 4.

The table below summarises the maturity profile of the Company's lease liabilities on contractual, undiscounted payments.

	2022 £000	2021 £000
Not later than on year	581	314
Between one and two years	581	413
Between two and three years	581	472
Between three and four years	581	472
Between four and five years	581	472
More than five years	1,457	590
	<u>4,362</u>	<u>2,733</u>

18. Called up share capital

	2022 £000	2021 £000
Issued and fully paid		
5,500,002 (2021 - 5,500,002) Ordinary shares shares of £1.000 each	<u>5,500</u>	<u>5,500</u>

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

19. Ultimate parent company

At 31 December 2022 the Company's immediate parent company was KRS Finance Limited and the Company's ultimate parent company was Theo Topco Limited.

Theo Midco Limited is the parent of the smallest 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 the registered office, Baines House, Midgery Court, Pittman Way, Fulwood, Preston, PR2 9ZH.

Theo Topco Limited is the parent of the 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 the registered office, 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.