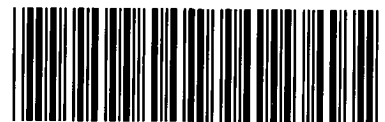


EQUITY RELEASE ASSURED LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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EQUITY RELEASE ASSURED LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | William Hale Robert Scott |
| Registered number | 06673809 |
| Registered office | Baines House Midgery Court Preston PR2 9ZH |
| Independent auditors | PricewaterhouseCoopers LLP No 1 Spinningfields Hardman Square Manchester M3 3EB |

EQUITY RELEASE ASSURED LIMITED

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EQUITY RELEASE ASSURED LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

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 elected to prepare the financial statements in accordance with 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'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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. 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.

Principal activity

The principal activity of the company is that of a mortgage broker. The company is authorised and regulated by the Financial Conduct Authority (FCA). The Company ceased trading during 2016 and is in the process of winding down its activities.

EQUITY RELEASE ASSURED LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Going Concern

The Company is part of Theo Topco Ltd Group. In reaching this conclusion, the Board considered the increased uncertainties that all businesses are facing as a result of the coronavirus pandemic and the impact on the Theo Topco Group of the actions being taken by the UK Government to mitigate the health impact on the country. Specific uncertainties relating to the Group were also assessed including the likelihood of falls in house prices affecting funder appetite for equity release, reductions in customer demand as well as the ability to process customer lifetime mortgages in a timely fashion in the event of further lockdowns.

In making this assessment, the Group produced a revised three year plan including the likely trading performance of the Group, reflecting the most likely impact on the business of the coronavirus measures based on trading conditions seen during the start of the lockdown period.

Using this plan, the Group approached its lending banks and agreed a relaxation of previously agreed covenants to increase the business's flexibility in dealing with the uncertainty created by the response to the pandemic.

This plan was further updated, focusing on the next 18 months, and reflecting the trading performance seen during the UK wide lockdown and the improved trading conditions as this was eased. This latest forecast shows substantial headroom against all the Group loan covenants as well as significant cash generation.

In considering the robustness of this plan to unforeseen downside shocks, the Group sensitized this latest forecast, assuming that customer demand rather than increasing as the latest trading figures suggested instead reduced by 25% and that the Group's ability to complete cases in a timely manner also reduced by 15% despite the significant improvements being seen in this area post lockdown. The Directors believe that this scenario is the realistic worst case for the business, given its business model. Even in this realistic worst case scenario, the Group continued to have headroom against all its loan covenants and remained cash generative.

Additionally, in the event of this realistic worst case scenario occurring, the Group identified a number of further actions that could be taken swiftly such as reducing discretionary spend on marketing, investment in IT development and reducing discretionary bonuses. These actions increased the Group's headroom against all its loan covenants.

The Company is an Obligor under the Group Senior Facility Agreement, which governs the £75m senior loan and £5m revolving credit facility (undrawn at year end but fully drawn in March 2020). This means that the Company has given security over its assets and, in conjunction with the rest of the Group and is responsible for maintaining compliance with its covenants.

In considering the Company position, the Board of Directors have also assessed the accessibility of this Company to Group funding if required and no issues were identified.

Results and dividends

The profit for the year, after taxation, amounted to £5,836k (2018 £8,530k).

Directors

The Directors who served during the year were:

William Hale
Robert Scott

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.

EQUITY RELEASE ASSURED LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- ☐ so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- ☐ the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 July 2020 and signed on its behalf.

Rob Scott

Rob Scott

Director

EQUITY RELEASE ASSURED LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUITY RELEASE ASSURED LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Equity Release Assured Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income and the statement of changes in equity 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

EQUITY RELEASE ASSURED LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUITY RELEASE ASSURED LIMITED (CONTINUED)

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 2019 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 Directors' Responsibilities Statement set out on page 1, 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.

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 received 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.

EQUITY RELEASE ASSURED LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUITY RELEASE ASSURED LIMITED
(CONTINUED)**

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 take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

H. Varley

Heather Varley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 July 2020

EQUITY RELEASE ASSURED LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Note | 2019 £ | 2018 £ |
|--|------|--------------|---------------|
| Turnover | 3 | 5,874 | 10,570 |
| Gross profit | | 5,874 | 10,570 |
| Administrative expenses | | (38) | (2,040) |
| Operating profit and profit on ordinary activities before tax | | 5,836 | 8,530 |
| Profit for the financial year | | 5,836 | 8,530 |
| Total comprehensive income for the year | | 5,836 | 8,530 |

The results stated above are all derived from discontinued operations.

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

The notes on pages 10 to 14 form part of these financial statements.

EQUITY RELEASE ASSURED LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

| | Note | 2019 £ | 2018 £ |
|--|------|---------------|---------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 7 | - | 50,074 |
| Cash at bank and in hand | | 69,264 | 17,323 |
| | | <u>69,264</u> | <u>67,397</u> |
| Creditors: amounts falling due within one year | 8 | - | (3,969) |
| Net current assets | | <u>69,264</u> | <u>63,428</u> |
| Total assets less current liabilities | | <u>69,264</u> | <u>63,428</u> |
| Net assets | | <u>69,264</u> | <u>63,428</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 1 | 1 |
| Profit and loss account | | 69,263 | 63,427 |
| Total Equity | | <u>69,264</u> | <u>63,428</u> |

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 were approved and authorised for issue by the board and were signed on its behalf on 29 July 2020

Rob Scott

Rob Scott

Director

The notes on pages 10 to 14 form part of these financial statements.

EQUITY RELEASE ASSURED LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|---|---------------------------------|---------------------------------|-------------------|
| At 1 January 2018 | 1 | 54,897 | 54,898 |
| Comprehensive expense for the year | | | |
| Profit for the year | - | 8,530 | 8,530 |
| Total comprehensive expense for the year | - | | |
| At 31 December 2018 | 1 | 63,427 | 63,428 |
| Comprehensive expense for the year | | | |
| Profit for the year | - | 5,836 | 5,836 |
| At 31 December 2019 | 1 | 69,263 | 69,264 |

The notes on pages 10 to 14 form part of these financial statements.

EQUITY RELEASE ASSURED LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Basis of preparation

Equity Release Assured Limited is a private company limited by shares and incorporated in the United Kingdom and registered in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the Directors' report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

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

2. Principal 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 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

Going Concern

After reviewing the Group's forecasts and projections (which include the Company) and the relationship of the Company with its Group and its position as obligor, the Board of Directors have determined that the Company has adequate resources to continue to prepare the Company financial statements on a going concern basis. Details of the approach taken by the Board to come to this conclusion and the actions taken as a result of this assessment are included within the Strategic Report.

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

The following principal accounting policies have been applied:

EQUITY RELEASE ASSURED LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Principal Accounting policies (continued)

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Theo Topco as at 31st December 2019 and these financial statements may be obtained from Companies House.

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

2.3 Turnover

Turnover

Turnover represents sales to an external provider and customers at invoiced amounts less Value Added Tax or local taxes on sales. Turnover incorporates commission and packaging fees from an equity release provider and advice fees from customers. Turnover is recognised at the point of the completion of the arrangement.

2.4 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.

2.5 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.

EQUITY RELEASE ASSURED LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Turnover

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

All turnover arose within the United Kingdom.

4. Operating Profit

Auditors Remuneration

Fees payable to the Company's auditors for the audit of Equity Release Assured Limited are borne by KRS Services Limited, a fellow subsidiary company. In the Directors' opinion a reasonable allocation of the audit fee to Equity Release Assured Limited would be £3,600 (2018: £2,500).

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group financial statements of the parent Company.

5. Directors' remuneration

The emoluments of the directors are paid by the parent company which makes no recharge to the company. The directors are directors of the parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of the directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the parent company.

No Directors received any remuneration from the Company during the current or prior year.

6. Taxation

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Total current tax | - | - |
| Deferred tax | | |
| Total deferred tax | - | - |
| Taxation on profit on ordinary activities | - | - |

EQUITY RELEASE ASSURED LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (*2018 - lower than*) the standard rate of corporation tax in the UK of 19% (*2018 - 19 %*). The differences are explained below:

| | 2019 £ | 2018 £ |
|--|-----------|-----------|
| Profit on ordinary activities before tax | 5,836 | 8,530 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (<i>2018 - 19 %</i>) | 1,109 | 1,621 |
| Effects of: | | |
| Group relief claimed | (1,109) | (1,621) |
| Total tax charge for the year | - | - |

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

7. Debtors: amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|-----------|-----------|
| Amounts owed by group undertakings | - | 50,074 |
| | - | 50,074 |

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

EQUITY RELEASE ASSURED LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

8. Creditors: Amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|-----------|--------------|
| Amounts owed to group undertakings | - | 3,878 |
| Accruals and deferred income | - | 91 |
| | <u>-</u> | <u>3,969</u> |

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

9. Called up Share capital

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Authorised, allotted, called up and fully paid | | |
| 1 (2018 - 1) Ordinary Share share of £1 | <u>1</u> | <u>1</u> |

10. Post balance sheet events

The Covid-19 pandemic and the government actions to mitigate the spread of the disease are considered to be non-adjusting post balance sheet events, which do not provide more information about the conditions at the balance sheet date. The impact of these events on the Directors considerations around the going concern assumption are discussed in the Directors Report but given the Company was able to rapidly and successfully transition to working remotely and has continued to trade throughout the outbreak, the Going Concern assumption is considered to still be appropriate

11. Ultimate Parent Company

At 31 December 2019 the Company's immediate parent company was Key Retirement Solutions 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 Baines House, Midgery Court, 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 Baines House, Midgery Court, Fulwood, Preston, PR29ZH.

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.