

Theo Bidco Limited

Company number 10723057

Report and Financial Statements

Year Ended

31 December 2018

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Theo Bidco Limited

Annual Report and Financial Statements for the year ended 31 December 2018

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Directors

Lukas Bucher
Andrew Deakin
Simon Thompson
Robert Scott

Registered office

Baines House
Midgery Court
Fulwood
Preston
PR2 9ZH

Company number

10723057

Independent auditors

PricewaterhouseCoopers LLP, No 1 Spinningfields, Hardman Square, Manchester, M3 3EB

Theo Bidco Limited

Strategic report for the year ended 31 December 2018

The Directors present their strategic report for the year ended 31 December 2018.

Business review

The principal activities of the Company are that of an intermediate holding company and the provision of management services to other group companies, as such commentary is included on the Group's activities. The Company does not employ any staff. Directors are remunerated by Key Group Bidco Limited.

Financial key performance indicators ('KPIs') are not relevant for this Company due to the nature of its operations.

Results and performance

The result of the Company for the year, as set out on page 8, shows a loss before tax of £11.5m (2017: £4.6m). The net assets of the Company were £41.9m (2017: £53.1m). No interim dividends were paid.

Financial instruments

The main financial risks arising from the Company's activities are liquidity and credit risks. These are monitored regularly by the Board of Directors and appropriate measures put in place to mitigate the risks. The risks associated with financial instruments are inherently linked to the performance of the regulated subsidiaries and this is discussed further below.

The Group maintains accessible bank deposit accounts to ensure the Group has sufficient funds for operations. The cash deposits are held in a mixture of short term deposits and current accounts which earn interest at a floating rate.

Principal risks and uncertainties

Within the Group there are six (2017: six) companies regulated by the Financial Conduct Authority (FCA). The FCA sets the regulatory environment in which these companies operate. The Group keeps abreast of any potential changes on a daily basis by monitoring various websites and how they impact the Group companies, including the FCA latest publication website. Any items which are viewed to potentially have an impact are immediately circulated to the relevant parties. In addition, a summary of the publications which could affect the business is provided to the Board on a monthly basis. This process ensures that any FCA changes are implemented in a timely manner. The Group monitors its compliance with FCA capital adequacy requirements and tests. Within the Group's 2019 business plan, these are all satisfied.

Theo Bidco Limited

Strategic report (Continued) for the year ended 31 December 2018

Future developments

The longer term trends supporting the lifetime mortgage sector remain strong. The population continues to age, house price wealth is increasing and pension savings are likely to be inadequate for many.

Over the coming year, the Company intends to continue with its growth plans with no significant business changes planned. The impact of investment in people and systems is expected to create productivity improvements in 2019. The substantial increase in competition to attract customers is expected to continue over 2019, testing the resilience of all the business models in the sector. However, we believe that we are well placed to be able to continue to compete effectively and maintain our market leading position.

Profit levels at the Group are anticipated to increase in 2019. Expense control will continue to be a priority with further investment focused on efficiency and revenue expansion. Business sourcing channels will continue to be developed and enhanced with particular focus on the customer journey and third party relationships.

On behalf of the board



R Scott
Director

Date: 31 July 2019

Theo Bidco Limited

Directors' report for the year ended 31 December 2018

The Directors present their report together with the audited financial statements for the year ended 31 December 2018.

Results and dividends

The Statement of Comprehensive Income is set out on page 8 and shows the loss for the year.

The Directors do not propose the payment of a dividend.

Directors' and officers' insurance

The Company's 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. This insurance was in place throughout the year and up to the date of signing the financial statements.

Directors

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

Lukas Bucher
Andrew Deakin
Simon Thompson
Robert Scott

Matters covered in the strategic report

An indication of the likely future developments of the business and details of financial risk management are included in the strategic report on page 1.

Employee involvement

The Company has no employees, however the Group maintains a policy of regular consultation and discussion with its employees on a wide range of issues that are likely to affect their interests. The Group ensures that all employees are given regular updates of the performance of their business units and of the Group as a whole. Employee involvement is facilitated through a newsletter, the Staff Committee, regular communication briefings and an annual employee survey.

Disabled employees

The Group's equal opportunities policy makes it clear that full and fair consideration must be given to the appointment of disabled people. The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Where an employee becomes disabled whilst employed by the Group the HR procedures require that reasonable effort is made to ensure they have the opportunity for continued employment within the Group. Retraining of employees who become disabled whilst employed by the Group is offered where appropriate to ensure that their career development is not unfairly restricted by their disability or perceptions of it.

Existence of branches of the Company outside of the United Kingdom

The Company has no branches outside of the United Kingdom.

Theo Bidco Limited

Directors' report for the year ended 31 December 2018 (Continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual 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 financial statements 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). 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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.

Disclosure of information to auditors

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

Independent auditors

The audit was put out to tender in 2018 as a result of which PwC were appointed to replace our previous auditors, BDO.

The auditors, PricewaterhouseCoopers LLP, were appointed and will continue in office and a resolution concerning their re-appointment will be proposed at the annual general meeting.

On behalf of the board



R Scott
Director

Date: 31 July 2019

**Independent auditors' report to the members of
Theo Bidco Limited**

Report on the audit of the financial statements

Opinion

In our opinion, Theo Bidco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss 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 Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2018; 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

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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.

**Independent auditors' report to the members of
Theo Bidco Limited
(Continued)**

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 Strategic Report and 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.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2018 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 Strategic Report and 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 set out on page 4, 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.

Independent auditors' report to the members of
Theo Bidco Limited
(Continued)

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.

H Varley

Heather Varley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
31 July 2019

Theo Bidco Limited

Statement of Comprehensive Income for the year ended 31 December 2018

	Note	2018 £	Period from 12 April to 31 December 2017 restated £
Administrative expenses		(118,521)	(40,001)
Other operating income		50,000	20,639
Operating loss	3	(68,521)	(19,362)
Finance income	5	-	2,902
Finance costs	6	(11,462,518)	(4,578,602)
Loss before tax		(11,531,039)	(4,595,062)
Tax on loss	7	-	-
Loss for the financial period		(11,531,039)	(4,595,062)
Movement in cashflow hedging reserve		288,139	(185,633)
Total comprehensive income for the financial period		(11,242,900)	(4,780,695)

The prior period finance income / finance cost has been restated to include intercompany interest as a result of a number of the intercompany loans being reclassified as repayable in greater than one year based on a detailed review of the underlying documentation governing them.

The results stated above are all derived from continuing operations.

The notes on pages 11 to 20 are an integral part of these financial statements.

Theo Bidco Limited

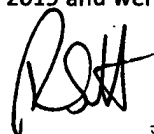
Statement of Financial Position as at 31 December 2018

	Note	2018 £	2018 £	2017 restated £	2017 restated £
Fixed assets					
Investments	8		196,150,469		196,127,890
Current assets					
Debtors	9	18,425,871		16,149,970	
Cash at bank and in hand		6,184		2,656,098	
		18,432,055		18,806,068	
Creditors: amounts falling due within one year	10	(6,789,831)		(3,008,023)	
Net current assets			11,642,224		15,798,045
Total assets less current liabilities			207,792,693		211,925,935
Creditors: amounts falling due after more than one year	11		(165,891,106)		(158,781,448)
Net assets			41,901,587		53,144,487
Capital and reserves					
Called up share capital	12		1		1
Capital contribution			57,925,181		57,925,181
Cash flow hedging reserve			102,506		(185,633)
Profit and loss account			(16,126,101)		(4,595,062)
Total equity			41,901,587		53,144,487

A number of the 2017 intercompany loans have been reclassified as repayable in greater than one year based on a detailed review of the underlying documentation governing them. Previously the balance was recognised as due within one year.

The notes on pages 11 to 20 are an integral part of these financial statements.

The financial statements on pages 8 to 20 were approved by the Board of Directors and authorised for issue on 31 July 2019 and were signed on its behalf by:



R Scott
Director

Theo Bidco Limited

Statement of Changes in Equity for the year ended 31 December 2018

	Note	Share capital £	Capital contribution £	Cash flow hedging reserve £	Retained earnings £	Total equity £
Period from 12 April 2017 to 31 December 2017						
Transactions with owners						
Allotment of share capital		1	-	-	-	1
Capital contribution		-	57,925,181	-	-	57,925,181
		1	57,925,181	-	-	57,925,182
Comprehensive income/(expense)						
Loss for the financial period		-	-	(185,633)	(4,615,701)	(4,801,334)
Other comprehensive income		-	-	-	20,639	20,639
Total comprehensive expense		-	-	(185,633)	(4,595,062)	(4,780,695)
Balance at 31 December 2017 and at 1 January 2018	12	1	57,925,181	(185,633)	(4,595,062)	53,144,487
Comprehensive income/(expense)						
Loss for the financial year		-	-	288,139	(11,531,039)	(11,242,900)
Total comprehensive income/(expense)		-	-	288,139	(11,531,039)	(11,242,900)
Balance at 31 December 2018	12	1	57,925,181	102,506	(16,126,101)	41,901,587

The notes on pages 11 to 20 are an integral part of these financial statements.

Theo Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2018

1 Basis of preparation

Theo Bidco 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 strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland 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.

Going Concern

After reviewing the Company's forecasts and projections to December 2020, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future, notwithstanding the net current liabilities. The Group has confirmed its intention to provide any necessary financial support to the Company for a period of at least twelve months from the date of approval of these financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Restatement

A number of the 2017 intercompany loans have been reclassified as repayable in more than one year based on a detailed review of the underlying documentation governing them. Previously the balance was recognised as due with one year in error. This has required the loans to be recognised at a market rate of interest. Therefore the results for 2017 have been restated to reflect an increase in capital contribution of £57.9m has been recognised, a decrease in creditors falling due within one year £125.5m, an increase in creditors falling due after more than one year of £70m and an increase finance costs of £2.4m being recognised.

2 Principal accounting policies

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

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 FRS 102 paragraph 1.12:

- the requirement to prepare a Statement of Cash Flows (paragraph 3.17(d) and section 7);
- disclosures in respect of the Company's financial instruments (paragraphs 11.41(b), 11.41(c), 11.41(d), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c));
- disclosures in respect of the aggregate remuneration of the key management personnel (paragraph 33.7).

This information is included in the consolidated financial statements of Theo Topco Limited as at 31 December 2018 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.

Theo Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2018 (Continued)

2 Principal accounting policies (continued)

Consolidated financial statements

The Company is exempt from preparing consolidated financial statements on the grounds that it qualifies under section 400 of the Companies Act 2006 as a wholly owned subsidiary of Theo Topco Limited, a company registered in England and Wales, for which consolidated financial statements are prepared. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Hedge accounting

The Company applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage interest rate exposures and are designated as cash flow hedges of floating rate borrowings. Changes in the fair values of derivatives designated as cash flow hedges, which are deemed to be effective, are recognised directly in equity within a cashflow hedging reserve. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change of the fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the Statement of Comprehensive Income.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. The amounts deferred in equity are recognised in the income statement to match the recognition of the hedged item. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the forecast debt instrument is derecognised or the hedging instrument is terminated.

Finance costs

Finance costs are charged to the Income Statement over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include arrangement fees, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Taxation

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

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

Deferred taxation

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

Deferred tax balances are not discounted.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Theo Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2018 (Continued)

2 Principal accounting policies (continued)

Financial liabilities and equity

Financial liabilities and equity instruments are initially measured at the amount of the net proceeds received. Financial liabilities and equity are classified according to the substance of the financial instruments' contractual obligations, rather than the financial instruments' legal form.

A number of the 2017 intercompany loans have been reclassified as repayable in greater than one year based on a detailed review of the underlying documentation governing them. Previously the balance was recognized as due within one year. The prior period finance income / finance cost has been restated to include intercompany interest as a result.

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.
- The cashflow hedging reserve represents the movement in the fair value of any cash flow hedging instruments which have been designated as effective

3 Operating loss

Auditors' remuneration

Fees payable to the Company's auditors for the audit of Theo Bidco Limited are borne by KRS Services Limited, a fellow subsidiary company. In the Directors' opinion a reasonable allocation of the audit fee to Theo Bidco Limited would be £2,500 (2017: £3,550).

4 Directors' remuneration

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

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.

5 Finance income

	Period from 12 April to 31 December	
	2018	2017
	£	£
Other interest receivable	-	2,902
	-	2,902

Theo Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2018 (Continued)

6 Finance costs

	2018 £	Period from 12 April to 31 December 2017 restated £
Bank loan interest payable and other charges	4,609,026	1,750,769
Intercompany loan interest payable to Group companies	5,608,521	2,245,907
Loan note interest payable to Group companies	1,304,511	522,386
Movements on cashflow hedging instruments	(59,540)	59,540
	<u>11,462,518</u>	<u>4,578,602</u>

7 Tax on loss

	2018 £	2018 £	2017 £	2017 £
<i>Deferred tax</i>				
Origination and reversal of timing differences	2,561		-	
Adjustments in respect of prior periods	<u>(2,561)</u>		<u>-</u>	
Movement in deferred tax provision		<u>-</u>		<u>-</u>
Tax on loss		<u>-</u>		<u>-</u>

Theo Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2018 (Continued)

7 Tax on loss (continued)

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

	2018	Period from 12 April to 31 December 2017
	£	£
Loss before tax	(11,531,039)	(4,595,062)
Tax on loss at the standard rate of corporation tax in the UK of 19.00% (2017:19.00%)	(2,190,897)	(873,062)
Effects of:		
Income not taxable for tax purposes	(11,313)	-
Group relief surrendered	2,205,072	446,339
Adjustments to tax charge in respect of previous periods	-	426,723
Adjustments to tax charge in respect of previous periods - deferred tax	(2,561)	
Adjust opening deferred tax to average rate of 19.00%	(301)	
Total tax credit	-	-

8 Investments

	£
Cost	
At 1 January 2018	196,127,890
Expenses accrued	22,579
At 31 December 2018	196,150,469
Net book value	
At 31 December 2018	196,150,469
At 31 December 2017	196,127,890

Theo Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2018 (Continued)

8 Investments (continued)

The subsidiaries of the Company are:

<i>Subsidiary undertakings</i>	Country of incorporation	Class of share capital held	Proportion of share capital held	Nature of business
Key Group Topco Limited	England & Wales	Ordinary	100%	Holding Company
Key Group Midco 1 Limited *	England & Wales	Ordinary	100%	Dormant
Key Group Midco 2 Limited *	England & Wales	Ordinary	100%	Dormant
Key Group Bidco Limited *	England & Wales	Ordinary	100%	Holding & Service Company
Key Retirement Group Limited *	England & Wales	Ordinary	100%	Dormant
KRS Finance Limited *	England & Wales	Ordinary	100%	Holding Company
KRS Group Limited *	England & Wales	Ordinary	100%	Dormant
Key Retirement Solutions Limited *	England & Wales	Ordinary A Ordinary B	100% 100%	Financial Services – mortgage brokers
Key Partnerships Limited *	England & Wales	Ordinary	100%	Dormant
More 2 Life Limited *	England & Wales	Ordinary	100%	Financial Services – mortgage lender
More 2 Life SPV 1 Limited *	England & Wales	Ordinary	100%	Dormant
More 2 Life Asset SPV 2 Limited *	England & Wales	Ordinary	100%	Dormant
KRS Services Limited *	England & Wales	Ordinary	100%	Service Company
Equity Release Assured Limited *	England & Wales	Ordinary	100%	Financial Services – mortgage broker - ceased trading in 2016
Retirement People Limited *	England & Wales	Ordinary	100%	Dormant

Theo Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2018 (Continued)

8 Investments (continued)

The subsidiaries of the Company are:

<i>Subsidiary undertakings</i>	Country of incorporation	Class of share capital held	Proportion of share capital held	Nature of business
Modern Lending Advisers Limited *	England & Wales	Ordinary	100%	Financial Services – mortgage broker
Home Equity Release Service Limited *	England & Wales	Ordinary	100%	Financial Services – mortgage broker
Key Money Limited *	England & Wales	Ordinary	100%	Dormant
Primetime Retirement Group Limited *	England & Wales	A Ordinary	79%	Holding & Service Company
Primetime Retirement Limited *	England & Wales	Ordinary	79%	Financial Services – fixed term annuity provider
Key Move Property Services Limited *	England & Wales	Ordinary	100%	Dissolved 20 February 2018
Key Secured Lending Limited *	England & Wales	Ordinary	100%	Financial Services – secured loan broker - ceased trading in 2016
More 2 Life Retirement Income Limited *	England & Wales	Ordinary	100%	Dormant
The Retirement Lending Advisers Limited *	England & Wales	Ordinary	100%	Financial Services – mortgage broker
Equity Release Club Holdings Limited *	England & Wales	Ordinary	100%	Holding Company
Answers in Retirement Limited *	England & Wales	Ordinary	51%	Financial Services – mortgage broker
Later Life Guidance Limited *	England & Wales	Ordinary	51%	Financial Services – mortgage broker
Key Later Life Services Limited *	England & Wales	Ordinary	100%	Estate planning company
Key Legal Trustees Limited *	England &	Ordinary	100%	Trust corporation acting as Wills executor

* The investment in these companies is held indirectly. The proportion held is the effective interest at the year end.

Theo Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2018 (Continued)

8 Investments (continued)

The registered office of all subsidiary undertakings excluding Answers in Retirement Limited and Later Life Guidance Limited is Baines House, Midgery Court, Fulwood, Preston, PR2 9ZH. The registered office of Answers in Retirement Limited and Later Life Guidance Limited is Southgate House, Southgate Street, Gloucester, Gloucestershire, GL1 1UD.

9 Debtors

	2018 £	2017 £
Amounts owed by Group undertakings	18,323,365	16,141,899
Derivatives	102,506	-
Other taxation and social security	-	779
Prepayments and deferred income	-	7,292
	<u>18,425,871</u>	<u>16,149,970</u>

Amounts due from Group undertakings are unsecured, interest free and are repayable on demand.

10 Creditors: amounts falling due within one year

	2018 £	2017 restated £
Trade Creditors	11,005	-
Amounts owed to Group undertakings	6,737,960	1,277,447
Other taxation and social security	286	-
Accruals and deferred income	40,580	1,730,576
	<u>6,789,831</u>	<u>3,008,023</u>

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

11 Creditors: amounts falling due after more than one year

	2018 £	2017 restated £
Bank loans and overdrafts	72,565,172	72,123,372
Derivatives	-	245,173
Amounts owed to Group undertakings	93,325,934	86,412,903
	<u>165,891,106</u>	<u>158,781,448</u>

Theo Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2018 (Continued)

11 Creditors: amounts falling due after more than one year (continued)

Debt maturity:

	Bank loan		Derivatives		Amounts due to Group Undertakings	
	2018	2017	2018	2017	2018	2017
	£	£	£	£	£	£
Due less than one year, or on demand	-	-	-	-	6,737,960	1,277,447
Due within one to two years	-	-	-	-	-	-
Due within two to five years	-	-	-	-	-	-
Due after more than five years	72,565,172	72,123,372	-	245,173	93,325,934	86,412,903
	<u>72,565,172</u>	<u>72,123,372</u>	<u>-</u>	<u>245,173</u>	<u>100,063,894</u>	<u>87,690,350</u>

Amounts due in more than five years relate to the following:

- £75,000,000 bank loan, accruing an interest rate of LIBOR +4.5% per annum, due for repayment in 2024. The carrying value as at 31 December 2018 was £75,000,000 (2017: £75,000,000). Security has been taken on the assets of the major trading subsidiaries of the Group. The syndicate of lenders as at 31 December 2018 comprise Credit Suisse (Switzerland) Limited, National Westminster Bank Plc, Hermes Direct Lending Fund I S.à r.l., EMMPD (Investment) S.à r.l. and EMMPD (ABR) S.à r.l.
- Bank loan arrangement fees of £3,060,710 have been capitalised against the carrying value of the bank loan. As at 31 December 2018, £2,434,828 (2017: £2,876,628) had not been charged to the Income Statement.
- Derivatives of £102,506 asset (2017: £245,173 liability) relate to cash flow hedging instruments.
- Amounts owed to Group undertakings are intra-company Consideration Loan Notes, accruing an interest rate of 8% per annum, due for repayment in 2025.

12 Called up share capital

Issued and fully paid

	2018	2017
	£	£
1 (2017: 1) ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

Theo Bidco Limited

Notes to the Financial Statements for the year ended 31 December 2018 *(Continued)*

13 Ultimate parent company

At 31 December 2018 the Company's parent company was Theo Midco Limited and the Company's ultimate parent company was Theo Topco Limited.

Theo Topco Limited is the parent of the smallest and largest group of which the Company is a member and for which consolidated financial statements are prepared. Copies of the consolidated financial statements can be obtained from Baines House, Midgery Court, 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.