Registered number: 11206559

EQUITY RELEASE CLUB HOLDINGS LIMITED

UNAUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

COMPANY INFORMATION

Directors	Simon Drew Simon Thompson
Registered number	11206559
Registered office	Baines House Midgery Court Pittman Way Fulwood Preston PR2 9ZH

EQUITY RELEASE CLUB HOLDINGS LIMITED

CONTENTS

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 an intermediate holding company and the provision of financial services.

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 loss after tax for the financial year of £390k (2021: £312k). The directors do not propose the payments of a dividends. The net liabilities of the Company were £1,544k (2021: £1,154k).

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.

Directors

The directors who served during the period and up to the date of signing the financial statements were:

Simon Drew
Simon Thompson
Stuart Wilson (resigned 16 November 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 December 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 separately. 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 2022 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.

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 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

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	*2021* *£*
Administrative expenses		**(283,106)**	*(212,649)*
Operating loss		**(283,106)**	*(212,649)*
Interest payable and similar expenses	5	**(107,161)**	*(99,223)*
Loss before tax		**(390,267)**	*(311,872)*
Tax on loss	6	**-**	*-*
Loss for the financial year		**(390,267)**	*(311,872)*

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note		2022 £		2021 £
Fixed assets					
Investments	7		**1,010,000**		*1,010,000*
			1,010,000		*1,010,000*
Current assets					
Trade and other receivables: amounts falling due within one year	8	**1,519,259**		*403,159*	
Cash at bank and in hand		**768**		-	
		1,520,027		*403,159*	
Trade and other payables: amounts falling due within one year	9	**(2,627,817)**		*(1,227,843)*	
Net current liabilities			**(1,107,790)**		*(824,684)*
Total assets less current liabilities			**(97,790)**		*185,316*
Trade and other payables: amounts falling due after more than one year	10		**(1,446,676)**		*(1,339,515)*
Net liabilities			**(1,544,466)**		*(1,154,199)*
Capital and reserves					
Called up share capital	11		**100**		*100*
Share premium account			**3,750**		*3,750*
Other reserves			**-**		*960,784*
Accumulated losses			**(1,548,316)**		*(2,118,833)*
			(1,544,466)		*(1,154,199)*

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.

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 entities subject to the small companies regime.

The financial statements on pages 4 to 16 were approved and authorised for issue by the board and were signed on its behalf by:

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

S Drew
Director

Date: 14 September 2023

Company registration number: 11206559

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

	Called up share capital	Share premium account	Share Based Payment Reserve	Accumulated losses	Total equity
	£	£	£	£	£
At 1 January 2021	100	3,750	960,784	(1,806,961)	(842,327)
Loss for the financial year	-	-	-	(311,872)	(311,872)
At 31 December 2021 and at 1 January 2022	100	3,750	960,784	(2,118,833)	(1,154,199)
Loss for the financial year	-	-	-	(390,267)	(390,267)
Reclass of share based payment reserve (note 12)	-	-	(960,784)	960,784	-
At 31 December 2022	100	3,750	-	(1,548,316)	(1,544,466)

1. General information

Equity Release Club Holdings Limited is a private company limited by shares and is 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 company information page and the nature of the Company's operations and its principal activities are set out in the Directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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 judgment in applying the Company's accounting policies (see note 3) .

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. 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 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.

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: Disclosures
- 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. Accounting policies (continued)

2.4 Interest payable

Interest payable is charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Direct issuance costs are initially included in the fair value of the debt instrument and are subsequently amortised over the term of the instrument through the effective interest method.

2.5 Share based payments

The company provides share-based payment arrangements to certain employees. Equity-settled arrangements are measured at fair value (excluding the effect on non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the Income Statement.

2.6 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 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 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 Company 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. Accounting policies (continued)

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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.

2.8 Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Share premium account represents the premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.
- Retained earnings account represents cumulative profits or losses, net of dividends paid and other adjustments.

3. Critical judgements and estimations

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

4. Employees

	2022 £	*2021* *£*
Wages and salaries	**220,957**	*171,478*
Social security costs	**32,121**	*23,383*
Other pension costs	**14,418**	*10,872*
	267,496	*205,733*

Employee benefits expense of £267,496 (2021: £205,733) relate 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 providing services to the Company during the year was 1 (2021: 1).

Two of 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.

5. Interest payable and similar expenses

	2022 £	*2021 £*
Intercompany Loan interest payable to group companies	**107,161**	*99,223*
	107,161	*99,223*

6. Taxation

	2022 £	*2021 £*
Total current tax	**-**	*-*

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 £	*2021 £*
Loss on ordinary activities before tax	**(390,267)**	*(311,872)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**(74,151)**	*(59,256)*
Effects of:		
Expenses not deductible for tax purposes	**596**	*71*
Group relief	**73,555**	*96,704*
Movement in deferred tax not recognised	**-**	*(37,519)*
Total tax charge for the year	**-**	*-*

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

7. Investments

	Investments in subsidiary companies £
Cost	
At 1 January 2022	**1,010,000**
At 31 December 2022	**1,010,000**
Net book value	
At 31 December 2022	**1,010,000**
At 31 December 2021	*1,010,000*

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Place of business/ country of incorporation	Principal activity	Class of shares	Holding
Answers in Retirement Limited	Great Britain	Financial Services - mortgage broker	Ordinary	100%
Later Life Guidance Limited	Great Britain	Financial Services - mortgage broker	Ordinary	100%

The registered office of Answers in Retirement Limited and Later Life Guidance Limited is Southgate House, Southgate Street, Gloucester, Gloucestershire, GL1 1UD.

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

	2022 £	*2021 £*
Amounts owed by group undertakings	**1,519,144**	*403,102*
Other receivables	**115**	*57*
	1,519,259	*403,159*

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.

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

	2022 £	2021 £
Bank overdrafts	-	*142*
Amounts owed to group undertakings	**2,534,145**	*1,173,883*
Other payables	-	*3,750*
Accruals and deferred income	**93,672**	*50,068*
	2,627,817	*1,227,843*

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

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

	2022 £	2021 £
Amounts owed to group undertakings	**1,446,676**	*1,339,515*
	1,446,676	*1,339,515*

Amounts owed to group undertakings accrue interest at 8.00% and mature August 2025.

11. Share capital

	2022 £	2021 £
Authorised, allotted, called up and fully paid		
51 *(2021 - 51)* A Ordinary Shares shares of £1.000 each	**51**	*51*
49 *(2021 - 49)* B Ordinary Shares shares of £1.000 each	**49**	*49*
100 *(2021 - 100)* C1 Ordinary Shares shares of £0.001 each	-	-
	100	*100*

The A and B shares rank pari passu and have voting rights. The C shares do not have voting rights.

12. Share based payments

The company previously provided share-based payment arrangements to certain employees, which were subject to leaver provisions detailed in the articles. The fair value had previously been recognised as at the grant date creating a share based payment reserve in equity. During the year, the Company's immediate parent KRS Finance Limited acquired the remaining equity shares in the Company from the employees. Following the acquisition, the Company has presentationally re-classified the Share based payment reserve to Retained earnings.

13. Related party transactions

The Company receives income and services from Group companies in its normal course of business.

	2022 £	*2021* *£*
Amounts owed to related parties	**1,447,676**	*2,432,772*
Amounts owed by related parties	**1,519,144**	*-*
Interest paid to related parties	**107,161**	*99,223*

There were no provisions or expenses in relation to doubtful or bad debts.

14. Ultimate controlling party

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 company 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, 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 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.