

Registered number: 2457440

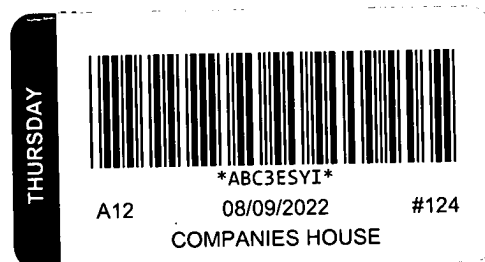
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## KEY RETIREMENT SOLUTIONS LIMITED

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ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



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## KEY RETIREMENT SOLUTIONS LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	Christopher Bibby Lukas Bucher Andrew Deakin Simon Drew (appointed 26 July 2021) Stephen Groves William Hale Simon Thompson David Young
<b>Registered number</b>	2457440
<b>Registered office</b>	Baines House Midgery Court Fulwood Preston England PR2 9ZH
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors No.1 Spinningfields 1 Hardman Square Manchester M3 3EB

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**KEY RETIREMENT SOLUTIONS LIMITED**

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## KEY RETIREMENT SOLUTIONS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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The Directors present their strategic report for the year ended 31 December 2021. 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 specialises in providing financial advice and information to UK residents in or approaching retirement. This advice principally relates to later life lending and estate planning (wills and lasting powers of attorney) as well as information on retirement income products. The Company is authorised and regulated by the Financial Conduct Authority (FCA).

On 5 May 2022, the Company signed an agreement to acquire the remaining 49% share capital of TERE Advisers Limited for completion on the 30 June 2022. On completion, TERE Advisers Limited will become a wholly owned subsidiary of the Company. The Directors consider this to be a non-adjusting post balance sheet event.

#### Results and performance

The Company has performed well during the year despite the impact of the Covid-19 pandemic on the business. The statutory results for the Company show revenue of £22,376k (2020: £22,605k) down 1.0%, operating profit of £322k (2020: £2,382k loss) up £2,704k and a profit before tax of £307k (2020: £2,409k loss). The Directors do not propose the payment of a dividend.

The Company trading metric of "Operating profit before amortisation, depreciation, impairment and profit/loss on disposal of fixed assets", which is considered by the Board to be a measure of the operating performance for the Company, was £555k (2020: £2,129k loss) up £2,684k on the prior year.

The net assets of the Company were £978k (2020: £734k).

*During the year the Company adopted Financial Reporting Standard 101 'Reduced Disclosure Framework' and as a result the prior year numbers have been restated where applicable. The impact of the restatement is disclosed in note 20 of the financial statements.*

**KEY RETIREMENT SOLUTIONS LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**Key performance indicators**

Key Performance Indicator	31 December 2021	31 December 2020	Definition and rationale
Revenue	£22,376k	£22,605k	Revenue is considered by the board to be a Key measure of the Company's future development plan to grow the business.
Operating profit before amortisation, depreciation, impairment and profit/loss on disposal of fixed assets	£555k	(£2,129k)	Operating profit before amortisation, depreciation, impairment and profit/loss on disposal of fixed assets is considered by the Board to be a measure of the operating performance of the Company.
Operating Cost/ Income ratio	97.5%	109.4%	Cost of sales and operating administrative expenses (excluding amortisation, depreciation and impairment) as a percentage of revenue. Considered by the Board to be an indicator of the efficiency of the business.
Profit/(Loss) after tax	£244k	(£2,490k)	Profit/(Loss) after tax is considered to be an indicator of business performance by the Board.
Complaints as a percentage of written cases	1.45%	1.53%	All complaints are tracked and investigated by the Compliance function. The level of upheld complaints received by the Company is minimal.
Complaints Upheld	1	4	The level of upheld complaints received by the Company is minimal.

During the year the Company adopted Financial Reporting Standard 101 'Reduced Disclosure Framework' and as a result the prior year numbers have been restated where applicable. The impact of the restatement is disclosed in note 20 of the financial statements.

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## KEY RETIREMENT SOLUTIONS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Strategy and business environment

The Company continues to play a pivotal role in the operating performance of the wider Group within which it sits. In continuing to provide high quality independent financial advice, the Company will play an important role in supporting the Group with its strategy of bringing together its services to develop a more comprehensive later life finance brand, which builds upon our strengths and deep understanding of our customers, with a single-minded focus on financially empowering those in later life, so they can live a better retirement.

Despite the challenges, the later life lending market has proven its resilience throughout the Covid-19 pandemic through value growth and innovation with the Company being at the forefront of development.

Led by the Key brand, our advice delivery (comprising the Company and its subsidiaries) we believe maintained its number one position in the market with an average 16.0%<sup>1</sup> market share (by value) during the year. Our whole of market proposition continued to grow under The Equity Release Expert brand and its referral partnerships, while we continued to offer a tied service to Aviva customers through the Home Equity Release Service.

In terms of structural economic drivers for the market, there continues to be a growing need for those in or approaching later life to finance their futures, due to low pension provisions and longer life expectancy. Whilst the current market expectations around future interest rate increases remain modest and the relatively high levels of price inflation being expected to return back to more normal levels within the short-term, clearly uncertainty still exists for the economy particularly with regard to the global impact of the war in Ukraine. Over time these factors, particularly if they significantly deteriorate or become longer term, could impact on consumer confidence and demand from those customers seeking to do more with their retirements, however, these same factors would increase demand from those customers who need to access later life finance to meet the essentials as the cost of living becomes more challenging.

It is both this strength of depth in the market and the structural drivers for the market that mean the future prospects for the Company remain strong. In March 2022, we evolved our Key brand to Key Later Life Finance as we bring together all our strengths and services to provide a more comprehensive later life lending product range, with the ultimate aim of helping our customers take control of their finances so they can live a better retirement.

<sup>1</sup> Source: The Equity Release Council quarterly market share data release.

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## KEY RETIREMENT SOLUTIONS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### **Our stakeholders**

Section 172 of the 2006 Companies Act requires that the Directors act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In undertaking this responsibility, the Directors should have regard to the likely consequences of any decision in the long-term; the interests of employees; the need to foster relationships with suppliers, customers and others; the impact of its operations on the community and the environment; the maintaining of a reputation for high standards or business conduct; and the need to act fairly as between members of the Company.

The Board considers its main stakeholder groups to be Customers, Partners, Colleagues and Suppliers. However, it also considers the needs of other stakeholders such as the Government and the Community when making decisions.

The Board has continued to act in a way that promotes the long-term success of the Company and that of its stakeholders, ensuring that it is acting fairly and with integrity with these stakeholders in the decisions that it makes.

#### **Customers**

We pride ourselves on being able to support our customers taking control of their finances to enable them to live the later life they deserve. A competitive advantage of ours is the deep understanding we have of our customers and what really matters to them. This understanding in part comes from our extensive experience in this market and the data we obtain from listening to our customers. This data comes from a multitude of sources ranging from face to face meetings with customers, through to our unique proprietary systems, partnerships and industry intelligence.

During the year we have supported the Group in expanding its product range with the launch of a new suite of products under the well-respected "Standard Life" brand name which is proving popular with our customers. In addition, we are currently broadening our range and the flexibility of later life lending products, to help those approaching later life make the transition into later life. We are also examining the impact of Net Zero on our customers and whether we can introduce and advise on financial products to assist customers in the transition.

We are a FCA regulated business and a member of the Equity Release Council which sets the industry standards by which we must operate and as such, we consider the impact on our customers of everything we do. The way in which we operate has enabled us to become market leaders in the services we provide to our customers which is in part evidenced by our business being number one in terms of market share, our Group 5-star Trustpilot rating and having relatively low levels of customer complaints within the industry.

#### **Partners**

An important part of the success of our business lies in our many partnerships supporting other businesses and advisors to enter into and operate in the later life lending market. These partnerships range from supporting Independent Financial Advisors, Mortgage clubs and networks, through to large corporates.

#### **Colleagues**

Our colleagues are an integral part of the success of our business and we recognise the impact that the Company has on their lives and the lives of their families. We have continued to support our colleagues through the Covid-19 pandemic enabling them to operate effectively and safely from home during this period. We are proud of the fact that we avoided the need to place any colleagues on furlough during the pandemic, instead providing them with a degree of normality and stability during what was an extremely difficult period for many.

As the country started to come out of the pandemic we supported our colleagues in making the transition back to the office in August/September 2021. At this time one of the changes made was to enable many who were not customer facing to return to the office under the flexibility of a hybrid working arrangement enabling them to choose to work up to two days from home.

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## KEY RETIREMENT SOLUTIONS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Our stakeholders (continued)

##### Colleagues (continued)

We believe it is important that all our colleagues receive a fair level of pay for the work they do and as such, we are proud of the fact that everyone receives at least the National Living Wage, regardless of their age. A comprehensive review of pay was undertaken during the year which resulted in the decision being made to invest in the pay of our colleagues particularly those on lower pay scales and to standardise the Company pension contribution such that from April 2022, all colleagues can receive up to a minimum 8% employer pension contribution.

We continue to engage with and listen to our colleagues through multiple channels, and our regular Town hall meetings continue to keep our colleagues updated on developments within the business from our leadership team.

##### Suppliers

We have agreed fair payment terms with each of our individual suppliers and recognise the importance of paying each of these suppliers within the agreed terms. A conscious decision has been taken by the Board to ensure that frequency of supplier payment runs is high and that suppliers are paid on a timely basis so as not to place any unnecessary cash flow strains on those suppliers.

##### Community

We are passionate about supporting our local communities, particularly those which are some of the most deprived areas in the country. In addition to providing employment opportunities in the Preston area we support our local communities through donations of funds, food, resource and time. For example, we have been supporting "The Boathouse Youth" charity in Blackpool for a number of years, which offers young people, many of whom are living in pretty difficult circumstances, the opportunity to learn new skills, have new experiences and providing them with a safe haven in which they can have fun. In addition, all our colleagues are provided with a charity day each year with which they can support various community initiatives.

#### Energy and carbon reporting

Since 2020, we have been Carbon Neutral in relation to our scope 1 & 2 emissions and scope 3 business travel. We continue to take steps to reduce our carbon emissions and have engaged with energy consultants to undertake a full review of our scope 3 emissions and the output of this exercise will form the basis of our net zero strategy to achieve net zero Greenhouse Gas (GHG) emissions.

The Streamlined Energy and Carbon Reporting (SECR) has been disclosed within the Group accounts which Key Retirement Solutions Limited is a member of. The parent company for the Group is Theo Topco Limited. The disclosure is not required for the Company given the Group disclosure sufficiently covers all members within the Group. Copies of the consolidated Annual report and financial statements can be obtained from Baines House, Midgery Court, Fulwood, Preston, PR2 9ZH.



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## KEY RETIREMENT SOLUTIONS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Principal risks, including financial risks and uncertainties

Our overarching Risk Management Framework is a set of processes, tools and mitigation strategies that assists us in identifying, assessing, measuring, managing and reporting risk. The overall framework ensures that risks are managed in a manner which is proportionate to the size and nature of Company's operations; is aligned to regulatory requirements; and reflects best practice. Compliance with regulation, legal and ethical standards is a high priority, and the Group's Compliance team, Risk team and Finance department take on an important oversight role in this regard, with the Audit, Risk and Compliance Committee (ARCC) providing Group level oversight. This position has been strengthened further into 2022 with the implementation of a new independent Internal Audit function established at the end of 2021. As a result the Group is now operating a full Three Line of Defence Framework.

The ARCC annually reviews and approves the Risk Management Framework and regularly reviews risk management activities to ensure focus on managing not only existing risks but also on identifying emerging risk areas.

The Directors are responsible for the financial risk management process and ensuring that the Company has sufficient capital to meet its regulatory responsibilities. Suitable policies and procedures have been adopted in order to ensure an appropriate level of risk management is directed at the relevant elements of the business.

In order to effectively manage its risks the Board has identified key (or principal) risk categories for the business and has defined its residual risk appetite in relation to each. All risks reported within the business sit within one of these categories, and are defined within the Risk Registers. The principal risks to which the Company is exposed are considered to be:

#### Operational risk

The risk that the Company's internal processes and systems do not to function properly. This risk was visible throughout the year as the majority of the workforce continued to work from home, with colleagues beginning to return to the office from August/September 2021, and the adoption of hybrid working models. This also demonstrated the effectiveness and adaptability of our business continuity plans, which are subject to regular review and testing in order to demonstrate the resilience of the business to unplanned events.

In addition, we have experienced ongoing resourcing challenges in a number of roles in the present market post Covid-19. This has placed increased demand on existing colleagues and has had some impact on service standards. The Board is managing this risk by exploring opportunities for further automation of processes and progressing various initiatives to attract and retain staff.

#### Regulatory risk

The risk that changes in laws or regulations, have an adverse impact on the later life lending market in which we operate and the risk that we fail to comply with requirements laid down by the regulator, the Financial Conduct Authority (FCA). The Board awaits further output from the FCA in relation to their Later Life Lending Review, as well as the policy statement for the FCA Consumer Duty which is expected in 2022. In order to manage any uncertainty around this, the Group's dedicated compliance department will continue to proactively monitor any regulatory changes in order to ensure compliance and support the implementation of any required changes within regulatory timeframes.

#### Economic risk

The risk that changes in the economy, e.g. property prices, interest rate changes or government interventions such as the pension market reforms, impact market conditions and reduce the Company's ability to compete. Economic risk continued to be apparent this year as the environment continued to suffer as a result of the Covid-19 pandemic. Uncertainty still remains in the later life lending market as the wider UK economy continues to face challenges coming out of the Covid-19 pandemic and with the ongoing war in Ukraine, such as issues with high price inflation and the supply of certain goods. Whilst this uncertainty is not having a direct adverse

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## KEY RETIREMENT SOLUTIONS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Principal risks, including financial risks and uncertainties (continued)

##### Economic risk (continued)

impact on the later life lending market at the present time, it could have an indirect impact on factors such as overall consumer confidence or the relative returns of later life mortgages compared to other fixed income investments for funders.

##### Strategic risk

The risk that the Board pursues an inappropriate strategy or that the risks associated with its implementation are not fully recognised, which in turn may expose the business to Reputational risk. The Board does not believe that there has been a significant increase in Strategic risk during the year, however, it continues to monitor this area given the Group's expansion into a new brand during the year, and the planned product expansion in 2022. The inherent uncertainty associated with Strategic risk is partly mitigated by the industry and business expertise contained in the composition of the members of the Board. In addition to this the Board regularly seeks advice from a number of professional advisors when necessary.

##### Liquidity risk

The risk that the Company is unable to meet its financial obligations as they fall due. The Company held a sufficient level of liquidity at the year end and has access to funding from the Group and as such, it is able to meet its operational and financial obligations as they fall due over at least the next 12 months. In order to manage future uncertainties regarding liquidity the Group regularly produces forecasts to ensure that Lender covenants, which include liquidity requirements, are being met and are forecast to be met in the future.

##### Interest rate risk

The risk that increasing interest rates impact the affordability of the Group's debt package. Uncertainty regarding this risk is managed by the Group Board via the adoption of fixed rate, fixed term lending as well as hedging instruments where necessary, to offset movements in variable lending.

#### Emerging risks

The Board considers the following to be emerging risks:

##### Cyber security risk

The increasing reliance the business places on technology in order to maximise operational efficiencies does expose the Group to an emerging Cyber security risk as cyber-attacks become more sophisticated and complex. We have taken steps to mitigate much of this risk via the implementation of additional controls and utilising advice from specialist third parties, however, we continue to closely monitor exposure. This has been a key consideration in the development of the Operational Resilience self-assessment strategy of the Group.

##### ESG risk

This relates to the impact of not identifying and responding to ESG risks appropriately, leading to ineffective governance arrangements, failure to deliver a reduced environmental footprint and/or a failure to positively impact colleagues and the surrounding community. The Board have initiated an exercise to review the ESG strategy for the Group with Executive sponsors for each element. In relation to Climate change, our carbon footprint and the costs of reducing these emissions is relatively small, however in terms of our products, we will have a part of play in supporting our customers make the transition to reduce their climate impact and in providing attractive investments for our funders which meet their ESG agendas.

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## KEY RETIREMENT SOLUTIONS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 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 page 19.

#### Future developments

The longer term trends supporting the later life lending sector remain strong, despite the economic uncertainty which remains particularly in relation to the war in Ukraine. The population continues to age, house price wealth is continuing to increase and pension savings are likely to be inadequate for many. In addition, re-mortgaging later life mortgages which is relatively new but has been hugely popular in the residential mortgage market for the past 20 years, grew considerably during the year and is expected to continue to do so going forward.

Over the coming year, with the continued support of colleagues from across the business, the Group has plans in place to considerably grow the business with a broader range of later life lending products to help even more customers lead the life they want to lead in later life.

This report was approved by the board on 16 May 2022 and signed on its behalf.



**S Drew**  
Director

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## KEY RETIREMENT SOLUTIONS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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The Directors present their report and the audited financial statements for the year ended 31 December 2021.

#### **Matters covered in the Strategic report**

The Directors have chosen to present certain requirements of the Directors' report within the Strategic report, including principal activities, business review, declaration of dividends, future development, section 172 disclosure, energy & carbon reporting and principal risks facing the business.

#### **Directors**

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

Christopher Bibby  
Lukas Bucher  
Andrew Deakin  
Simon Drew (appointed 26 July 2021)  
Stephen Groves  
William Hale  
Robert Scott (resigned 31 March 2021)  
Simon Thompson  
David Young

#### **Directors' and officers' insurance**

The Group 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 year ended 31 December 2021 and also at the date of approval of the financial statements.

#### **Colleague involvement**

The Company maintains a policy of regular consultation and discussion with its colleagues on a wide range of issues that are likely to affect their interests. The Company ensures that all colleagues are given regular updates on the performance of their business units and of the Group as a whole. Colleague involvement is facilitated through staff committee meetings, regular communication briefings and an annual colleague survey.

#### **Diversity, inclusion and equal opportunities for all**

We value diversity among our colleagues and strive to provide equal opportunities to all regardless of sex, race, nationality, colour, religion, marital status, disability, sexual orientation or age. All applicants and colleagues are treated equally in respect of recruitment, pay, training, promotional opportunities and other employment matters, with all decisions being based on merit. Reasonable adjustments are made to accommodate those with additional needs. Under no circumstances will discrimination against any individual or group be tolerated, and where there is evidence that this may have occurred, the matter will be promptly investigated in full with any disciplinary action taken where necessary.

#### **Financial risk management**

The financial risk management and policies of the Company are consistent with those of the Group. For further details, see note 20 of the Theo Topco Limited Annual report and financial statements 2021, which does not form part of this report.

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## KEY RETIREMENT SOLUTIONS LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Existence of branches outside of the United Kingdom

The Company has no branches outside of the United Kingdom.

#### Political donations

There were no political donations for the year (2020: none) and the Company did not incur any political expenditure (2020: £nil).

#### Directors' responsibilities statement

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

Company law requires Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Company financial statements for the first time 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 they give a true and fair view of the state of affairs of the Company 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;
- make judgements 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

#### Directors' confirmations

In the case of each Director in office at the date the Director's report is approved:

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

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**KEY RETIREMENT SOLUTIONS LIMITED**

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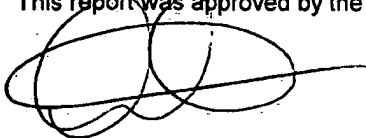
**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Independent 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 16 May 2022 and signed on its behalf.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

**S Drew**  
Director

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## KEY RETIREMENT SOLUTIONS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEY RETIREMENT SOLUTIONS LIMITED

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# Independent auditors' report to the members of Key Retirement Solutions Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Key Retirement Solutions Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 101 "Reduced Disclosure Framework", 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, which comprise: statement of financial position as at 31 December 2021; income statement and 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

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

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

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

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

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## KEY RETIREMENT SOLUTIONS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEY RETIREMENT SOLUTIONS LIMITED (CONTINUED)

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#### 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 Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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

#### 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 2021 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 Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



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## KEY RETIREMENT SOLUTIONS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEY RETIREMENT SOLUTIONS LIMITED (CONTINUED)

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

- Review of key correspondence with and reports to regulators;
- Enquiries with management and review of board minutes, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud; and
- Testing of journal entries which contained unusual account combinations back to corroborating evidence.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

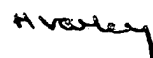
## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Heather Varley (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
16 May 2022

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KEY RETIREMENT SOLUTIONS LIMITED

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INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021

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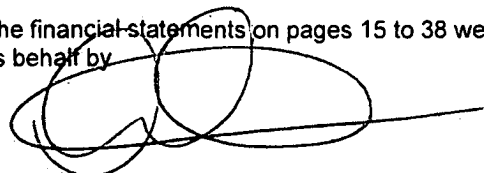
	Note	2021 £000	2020 £000
Revenue	3	22,376	22,605
<b>Gross profit</b>		<u>22,376</u>	<u>22,605</u>
Administrative expenses		(22,054)	(24,990)
Other operating income		-	3
<b>Operating profit/(loss)</b>	4	<u>322</u>	<u>(2,382)</u>
Interest payable and similar expenses	6	(15)	(27)
<b>Profit/(loss) before tax</b>		<u>307</u>	<u>(2,409)</u>
Tax on profit/(loss)	7	(63)	(81)
<b>Profit/(loss) for the financial year</b>		<u><u>244</u></u>	<u><u>(2,490)</u></u>

**KEY RETIREMENT SOLUTIONS LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

	Note	2021 £000	2021 £000	2020 £000	2020 £000
<b>Fixed assets</b>					
Right-of-use assets	8		206		439
Investments	9		-		-
			<u>206</u>		<u>439</u>
<b>Current assets</b>					
Trade and other receivables: amounts falling due within one year	10	2,192		4,874	
Cash and cash equivalents	11	4,718		792	
		<u>6,910</u>		<u>5,666</u>	
Trade and other payables: amounts falling due within one year	12	(6,136)		(5,165)	
<b>Net current assets</b>			<u>774</u>		<u>501</u>
<b>Total assets less current liabilities</b>			<u>980</u>		<u>940</u>
Trade and other payables: amounts falling due after more than one year	13		(2)		(206)
<b>Net assets</b>			<u><u>978</u></u>		<u><u>734</u></u>
<b>Capital and reserves</b>					
Called up share capital	16		10,004		10,004
Accumulated losses			(9,026)		(9,270)
<b>Total equity</b>			<u><u>978</u></u>		<u><u>734</u></u>

The financial statements on pages 15 to 38 were approved and authorised for issue by the Board and signed on its behalf by



**S Drew**  
Director

Date: 16 May 2022

Company number: 2457440

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**KEY RETIREMENT SOLUTIONS LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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	Called up share capital £000	Accumulated losses £000	Total equity £000
<b>At 1 January 2020</b>	10,004	(6,780)	3,224
Loss for the financial year	-	(2,490)	(2,490)
<b>At 31 December 2020 and at 1 January 2021</b>	10,004	(9,270)	734
Profit for the financial year	-	244	244
<b>At 31 December 2021</b>	10,004	(9,026)	978

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## KEY RETIREMENT SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. Accounting policies

##### 1.1 General information

Key Retirement Solutions 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 contents page and the nature of the Company's operations and its principal activities are set out in the Strategic report.

##### 1.2 Basis of preparation

The Company financial statements have been prepared for the first time in accordance with Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework' in conformity with the requirements of the Companies Act 2006. The results for the comparative period have been restated on the same basis.

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 judgement in applying the Company's accounting policies (see note 2).

The disclosures required by FRS 101 concerning the transition from Financial Reporting Standard 102 to FRS 101 are provided in note 20.

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## KEY RETIREMENT SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. Accounting policies (continued)

##### 1.3 Going Concern

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Company has adequate resources for a period of at least 12 months from the date of signing the financial statements. This assessment has considered the Company's relationship with its Group and its position as obligor under the Group's loan agreement. There were no material uncertainties to disclose.

Whilst the Covid-19 pandemic continued to impact on business performance in the first half of the year ending 31 December 2021, the second half of the year saw the business emerging from this with both a good financial performance and financial position. Revenue was £22,376k in the year, which was 1% down on the prior year and profit before tax was £307k, up £2,716k on the prior year. As a result, net assets increased by £244k to £978k at the year end.

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, the Company's leading position in the market, the relatively small short-term impacts of climate change and the plans in place to expand the product range within the later life lending market. In addition to this, the Directors' assessment considered the Group's budget cash flow and covenant projections (which include the Company), and the modelling of a number of severe downside scenarios and the impact of these on Group liquidity and its financial covenants.

At the 31 December 2021, the Group had a robust financial position providing it with sufficient access to liquidity, through a combination of cash and committed facilities, to meet its needs over at least the next 12 months. In addition to this, the Group is forecast to remain cash generative over this period providing a further source of liquidity. At the 31 December 2021, the Group had headroom on its covenant basis net debt leverage ratio (Net debt/adjusted EBITDA) of x1.1 and its covenant basis interest cover ratio (Adjusted cash flow/bank loan interest) of x5.0. The extreme scenarios modelled demonstrate sufficient liquidity and financial covenant headroom being available.

Whilst not a key factor in the Director's going concern assessment, the Group and Company do also have a number of significant potential mitigations at their disposal to improve both short-term liquidity and financial covenant performance should the need arise, such as (but not limited to) reducing marketing spend, scaling back recruitment and certain salary costs, reducing capital expenditure and the ability to refinance the Group senior facilities agreement.

##### 1.4 Adoption of new and revised standards

In preparing its first FRS 101 financial statements, a first time adopter applies those standards and interpretations that are effective as at the first annual FRS 101 reporting date. Generally these are applied consistently at the date of transition to FRS 101 to fully restate on a retrospective basis the opening statement of financial position, and in each of the periods presented in the first FRS 101 financial statements, subject to a number of exceptions.

The following standards, interpretations and amendments, effective for the year ended 31 December 2021, are relevant to the Group but have had no material impact on the financial statements:

- Interest Rate Benchmark Reform Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

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## KEY RETIREMENT SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. Accounting policies (continued)

##### 1.5 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 6 and 21 of IFRS 1 First-time adoption of International Financial Reporting Standards to present an opening statement of financial position at the date of transition
- 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 and 111 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 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

##### 1.6 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.

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## KEY RETIREMENT SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. Accounting policies (continued)

##### 1.7 Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled from contracts with customers and excludes amounts collected on behalf of third parties, value added tax and any cashback provided. The Company recognises revenue when it satisfies the performance obligations within the contract which is when it transfers control of a product or service to a customer. The Company does not adjust its consideration for the time value of money as settlement is typically shortly after the satisfaction of the performance obligation.

Revenue is recognised in relation to the Company's main activities being the provision of financial advice in relation to equity release products; sourcing of equity release products; and through the provision of estate planning products.

Advice fees paid by borrowers in relation to the provision of certain financial advice is contingent on the successful provision of an equity release product. As such, these advice fees are fully recognised on completion of the underlying product.

Commission income from the sourcing of equity release products on behalf of borrowers is received from the product provider on completion of the equity release loan arrangement. As such, commission income is recognised on completion of each equity release loan arrangement and represents a percentage of the amount of funds provided under each loan arrangement. Commission income earned on certain products includes an element of variable consideration to the extent that further funds could be advanced under existing equity release arrangements. Variable revenue is only recognised once any significant uncertainties associated with its recognition are resolved and as such, variable revenue is only recognised at the point where further funds are advanced under existing equity release arrangements.

Fees paid for the provision of in-house estate planning products are recognised as revenue when the customer receives the products purchased. Where a customer pays the fees in advance a contract liability is recognised in respect of these.

##### 1.8 Pension costs

Contributions to the Company's defined contribution pension scheme are charged to the Income statement in the year in which they become payable. The assets of the scheme are held separately in an independently administered fund.



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## KEY RETIREMENT SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. Accounting policies (continued)

##### 1.9 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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.

##### 1.10 Dividends

Interim dividends are recognised when they are paid. Final dividends are recognised when approved by the shareholders.

##### 1.11 Right-of-use assets

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

Subsequent to initial measurement, the right-of-use asset is also adjusted for certain remeasurements of the associated lease liability, details of which are provided in note 1.15.

Depreciation is charged on a straight line basis so as to allocate the cost of assets over the lease term or their useful economic life if shorter.

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**KEY RETIREMENT SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1. Accounting policies (continued)**

**1.12 Trade and other receivables**

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

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

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

**1.13 Cash and cash equivalents**

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

**1.14 Trade and other payables**

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

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## KEY RETIREMENT SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. Accounting policies (continued)

##### 1.15 Lease liabilities

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

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

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

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

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

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

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

##### 1.16 Reserves

The Company's reserves are as follows:

- 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 cost associated with the issuing of shares are deducted from the share premium.
- Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

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## KEY RETIREMENT SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 2. Critical judgements and estimations

Certain reported amounts of assets and liabilities are subject to estimates and assumptions. Estimates and judgements by management are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There were no matters to report that required a higher degree of judgement or complexity, or areas where assumptions and estimates were significant to the financial statements.

#### 3. Revenue

All revenue arose within the United Kingdom and is wholly attributable to the principal activity of the Company.

#### 4. Operating profit/(loss)

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

	2021	2020
	£000	£000
Depreciation	233	253

Fees payable to the Company's auditors for the audit of Key Retirement Solutions Limited are borne by its parent, KRS Finance Limited. In the Directors' opinion a reasonable allocation of the audit fee to Key Retirement Solutions Limited would be £70k (2020: £53k). No non-audit services were provided during the current or prior year.

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**KEY RETIREMENT SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**5. Employees**

Staff costs were as follows:

	2021 £000	2020 £000
Wages and salaries	7,805	7,814
Social security costs	825	819
Other pension costs	306	292
	<u>8,936</u>	<u>8,925</u>

The average monthly number of persons employed by the Company (excluding Directors) during the year, analysed by category, was as follows:

	2021 No.	2020 No.
Advice Delivery	<u>196</u>	<u>207</u>

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.

**6. Interest payable and similar expenses**

	2021 £000	2020 £000
Finance leases	<u>15</u>	<u>27</u>
	<u>15</u>	<u>27</u>

**KEY RETIREMENT SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**7. Tax on profit/(loss)**

	2021 £000	2020 £000
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	6	40
Adjustments in respect of previous periods	57	41
<b>Total deferred tax</b>	63	81
<b>Taxation on profit on ordinary activities</b>	63	81

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%) as set out below:

	2021 £000	2020 £000
Profit/(loss) on ordinary activities before tax	307	(2,409)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	58	(458)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	2
Adjustment opening deferred tax to average rate of 19%	(25)	(9)
Adjustment to tax charge in respect of prior periods - deferred tax	57	41
Other	17	-
Group relief	(44)	505
<b>Total tax charge for the year</b>	63	81

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

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**KEY RETIREMENT SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**8. Right-of-use assets**

	Property £000	Other £000	Total £000
<b>Cost</b>			
At 1 January 2021	599	93	692
At 31 December 2021	<u>599</u>	<u>93</u>	<u>692</u>
<b>Accumulated depreciation</b>			
At 1 January 2021	204	49	253
Charge for the year	204	29	233
At 31 December 2021	<u>408</u>	<u>78</u>	<u>486</u>
<b>Net book value</b>			
At 31 December 2021	<u>191</u>	<u>15</u>	<u>206</u>
At 31 December 2020	<u>395</u>	<u>44</u>	<u>439</u>

**9. Fixed asset investments**

	Investments in subsidiary companies £000
<b>Cost</b>	
At 1 January 2021	-
At 31 December 2021	<u>-</u>
<b>Net book value</b>	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>-</u>

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**KEY RETIREMENT SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**9. Fixed asset investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Place of business/ country of incorporation	Principal activity	Class of shares	Holding
Equity Release Assured Limited	Great Britain	Financial Services - mortgage broker - ceased trading in 2016	Ordinary	100%
Home Equity Release Service Limited	Great Britain	Financial Services - mortgage broker	Ordinary	100%
Key Secured Lending Limited	Great Britain	Financial Services - mortgage broker - ceased trading in 2016	Ordinary	100%
The Retirement Lending Advisers Limited	Great Britain	Financial Services - mortgage broker	Ordinary	100%
Modern Lending Advisers Limited	Great Britain	Financial Services - mortgage broker	Ordinary	100%
TERE Advisers Limited	Great Britain	Financial Services - mortgage broker	Ordinary	51%

The registered office of all subsidiary undertakings is Baines House, Midgery Court, Fulwood, Preston, PR2 9ZH. All subsidiary undertakings are held at a value of £1 each.



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**KEY RETIREMENT SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

	2021 £000	2020 £000
Trade receivables	247	383
Amounts owed by group undertakings	1,721	3,970
Deferred taxation	102	165
Tax recoverable	-	46
Other receivables	6	-
Prepayments and accrued income	116	310
	<u>2,192</u>	<u>4,874</u>

All amounts shown under trade receivables fall due for payment within one year. Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

Provision for impairment of trade receivables and amounts owed by group undertakings has been assessed based on expected credit losses. For trade receivables, the provision was £29k (2020:£15k). For amounts owed by group undertakings, as all balances are repayable on demand, and the Company is expected to be able to recover the outstanding balances if demanded, no provision has been recognised as the credit risk is assessed to be immaterial.

**11. Cash and cash equivalents**

	2021 £000	2020 £000
Cash and cash equivalents	4,718	792
	<u>4,718</u>	<u>792</u>

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**KEY RETIREMENT SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**12. Trade and other payables: Amounts falling due within one year**

	2021 £000	2020 £000
Trade payables	69	561
Amounts owed to group undertakings	4,686	1,754
Taxation and social security	212	587
Lease liability	204	219
Other payables	54	-
Accruals and deferred income	911	2,044
	<u>6,136</u>	<u>5,165</u>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand. The Company is an Obligor under the Group Senior Facility Agreement, which governs the £75,000k senior loan (£53,900k outstanding at year end) and £5,000k revolving credit facility (undrawn at year end). This means that the Company has given security over its assets and, in conjunction with the rest of the Group, is responsible for maintaining compliance with its covenants. For further information in the terms of these facilities, please refer to the financial statements of Theo Topco Limited or Theo Midco Limited.

**13. Trade and other payables: Amounts falling due after more than one year**

	2021 £000	2020 £000
Lease liability	2	206
	<u>2</u>	<u>206</u>

**14. Deferred tax asset**

	2021 £000
At beginning of year	165
Charged to profit or loss	(63)
At end of year	<u>102</u>

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## KEY RETIREMENT SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 14. Deferred tax asset (continued)

The deferred tax asset is made up as follows:

	2021 £000	2019 £000
Accelerated capital allowances	18	17
Tax losses carried forward	-	2
Temporary differences	69	79
Short term timing differences	15	67
	<u>102</u>	<u>165</u>

#### 15. Leases

Lease liabilities relate to property, car parks and office equipment (see note 8) . Property leases typically include rent review terms that require rents to be adjusted on a periodic basis, following market rent increase.

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

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

	2021 £000	2020 £000
Not later than one year	209	235
Between one and two years	2	209
Between two and three years	-	2

#### 16. Called up share capital

	2021 £000	2020 £000
<b>Issued and fully paid</b>		
10,000,100 (2020 - 10,000,100) Ordinary "A" shares of £1.000 each	10,000	10,000
4,119,962 (2020 -4,119,962 ) Ordinary "B" shares of £0.001 each	4	4
	<u>10,004</u>	<u>10,004</u>

All shares rank in pari passu.

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## KEY RETIREMENT SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 17. Related party transactions

During the year the Company had recharges of £1,093k (2020: £3,478k) with TERE Advisers Limited, a subsidiary undertaking which is 51% (2020: 51%) owned by the Company.

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

#### 18. Ultimate parent company

At 31 December 2021 the Company's immediate parent company was KRS Finance Limited and the Company's ultimate parent company was Theo Topco Limited.

Theo Midco Limited is the parent of the smallest group of which the Company is a member and for which consolidated financial statements are prepared. Copies of the consolidated financial statements can be obtained from the registered address, 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 the registered address, 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.

#### 19. Post balance sheet events

On 5 May 2022, the Company signed an agreement to acquire the remaining 49% share capital of TERE Advisers Limited for completion on 30 June 2022. On completion, TERE Advisers Limited will become a wholly owned subsidiary of the Company. The Directors consider this to be a non-adjusting post balance sheet event.

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## KEY RETIREMENT SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 20. Adoption of Financial Reporting Standard 101

The Company financial statements have been prepared for the first time in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' in conformity with the requirements of the Companies Act 2006. The results for the comparative periods have been restated on the same basis, with the date of transition being 1 January 2020.

The main areas of impact of adopting FRS 101 are summarised below:

##### **Leases**

The Company has lease contracts where it is lessee for property and equipment. Under FRS 102, leases in which substantially all the risks and rewards of ownership were retained by the lessor are classified as operating leases, otherwise they are classified as finance leases. On transition to FRS 101, the Company only had operating leases. Rental costs on operating leases were expensed in the Income statement and there was no recognition of the associated assets or liabilities in the Statement of financial position. The Company does not have any lease contracts where it acts as a lessor.

Under IFRS 16, the Company has recognised a right-of-use asset and a lease liability in relation to these leases, in its Statement of financial position. The Income statement includes depreciation in relation to the right-of-use assets and a finance charge in relation to the lease liabilities.

On transition to FRS 101, the Company has adopted the modified retrospective approach permitted by the standard in which both the right-of-use assets and lease liabilities were based on the present value of future lease payments at the 1 January 2020 using the appropriate discount rate as at that date. The weighted average incremental borrowing rate applied to lease liabilities at the date of transition was 5.1%. Following the date of transition to FRS 101, lease liabilities and right-of-use assets for new leases are based on the appropriate discount rate at the date the new contract is entered into.

As part of the Company's adoption of FRS 101 an exercise was undertaken to assess whether contracts contain leases as defined by the standard. This has resulted in no changes to the population of contracts identified previously as leases under FRS 102.

The Company has applied the recognition exemptions permitted by IFRS 16 in relation to short-term leases and low value leases.

##### **Other - Estate planning revenue recognition**

Under IFRS 15, revenue is only recognised when the performance obligations within a contract are satisfied through the transfer of goods or services to a customer. An adjustment has been made in relation to Estate Planning fees received from customers in advance of the performance obligations being satisfied.

At the date of transition, a £754k deferred income liability has been recognised in relation to outstanding performance obligations, with a corresponding adjustment made to Accumulated losses.

In the year ending 31 December 2020, £539k of additional revenue was recognised with a corresponding decrease in the deferred income liability outstanding.

##### **Other - Expected credit loss provision**

Under FRS 102, provisions for credit losses on financial instrument assets are measured in accordance with an incurred loss model. As a result, credit losses are recognised only when there has been an incurred loss event.

Under IFRS 9 *Financial Instruments*, credit losses are measured applying a forward looking, expected

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**KEY RETIREMENT SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**20. Adoption of Financial Reporting Standard 101 (continued)**

credit loss model. The 'simplified approach' prescribed under IFRS 9 has been applied to trade receivables to assess the lifetime expected credit losses on the position at the balance sheet date.

At the date of transition to FRS 101, the credit loss provision was reduced by £80k, with a corresponding adjustment made to Accumulated losses.

In the year ended 31 December 2020, the credit loss provision was increased by £5k with a corresponding expense in the Income statement.

**Other - Tax**

At the date of transition, there was a £126k credit to accumulated losses in relation to deferred tax on the transitional adjustments to FRS 101. In the year ended 31 December 2020, there was a £48k tax charge in relation to deferred tax on the transitional adjustment to FRS 101 in that year.

**KEY RETIREMENT SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**20. Adoption of Financial Reporting Standard 101 (continued)**

**Reconciliation of Consolidated statement of financial position at 1 January 2020**

<b>Company</b>	<b>FRS 102 £'000</b>	<b>Leases £'000</b>	<b>Other £'000</b>	<b>FRS 101 £'000</b>
<b>Fixed assets</b>				
Right-of-use assets	-	692	-	692
Investments	-	-	-	-
	-	692	-	692
<b>Current assets</b>				
Trade and other receivables: amounts falling due within one year	2,142	-	206	2,348
Cash and cash equivalents	9,952	-	-	9,952
	12,094	-	206	12,300
Trade and other payables: amounts falling due within one year	(8,321)	(266)	(754)	(9,341)
	(8,321)	(266)	(754)	(9,341)
<b>Net current assets</b>	<b>3,773</b>	<b>(266)</b>	<b>(548)</b>	<b>2,959</b>
<b>Total assets less current liabilities</b>	<b>3,773</b>	<b>426</b>	<b>(548)</b>	<b>3,651</b>
Trade and other payables: amounts falling due after more than one year	(1)	(426)	-	(427)
	(1)	(426)	-	(427)
<b>Net assets</b>	<b>3,772</b>	<b>-</b>	<b>(548)</b>	<b>3,224</b>
<b>Capital and reserves</b>				
Called up share capital	10,004	-	-	10,004
Accumulated losses	(6,232)	-	(548)	(6,780)
<b>Total equity</b>	<b>3,772</b>	<b>-</b>	<b>(548)</b>	<b>3,224</b>

**KEY RETIREMENT SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**20. Adoption of Financial Reporting Standard 101 (continued)**

**Reconciliation of Consolidated statement of financial position at 31 December 2020**

<b>Company</b>	<b>FRS 102 £'000</b>	<b>Leases £'000</b>	<b>Other £'000</b>	<b>FRS 101 £'000</b>
<b>Fixed assets</b>				
Right-of-use assets	-	439	-	439
Investments	-	-	-	-
	-	439	-	439
<b>Current assets</b>				
Trade and other receivables: amounts falling due within one year	4,978	(257)	153	4,874
Cash and cash equivalents	792	-	-	792
	5,770	(257)	153	5,666
Trade and other payables: amounts falling due within one year	(4,694)	(256)	(215)	(5,165)
	(4,694)	(256)	(215)	(5,165)
<b>Net current assets</b>	<b>1,076</b>	<b>(513)</b>	<b>(62)</b>	<b>501</b>
<b>Total assets less current liabilities</b>	<b>1,076</b>	<b>(74)</b>	<b>(62)</b>	<b>940</b>
Trade and other payables: amounts falling due after more than one year	-	(206)	-	(206)
	-	(206)	-	(206)
<b>Net assets</b>	<b>1,076</b>	<b>(280)</b>	<b>(62)</b>	<b>734</b>
<b>Capital and reserves</b>				
Called up share capital	10,004	-	-	10,004
Accumulated losses	(8,928)	(280)	(62)	(9,270)
<b>Total equity</b>	<b>1,076</b>	<b>(280)</b>	<b>(62)</b>	<b>734</b>



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**KEY RETIREMENT SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**20. Adoption of Financial Reporting Standard 101 (continued)**

**Reconciliation of Consolidated income statement for the year ended 31 December 2020**

<b>Company</b>	<b>FRS 102 £'000</b>	<b>Leases £'000</b>	<b>Other £'000</b>	<b>FRS 101 £'000</b>
<b>Revenue</b>	<b>22,066</b>	<b>-</b>	<b>539</b>	<b>22,605</b>
<b>Administrative expenses</b>	<b>(24,732)</b>	<b>(253)</b>	<b>(5)</b>	<b>(24,990)</b>
<b>Other operating income</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b>Operating loss</b>	<b>(2,663)</b>	<b>(253)</b>	<b>534</b>	<b>(2,382)</b>
<b>Interest payable and similar expenses</b>	<b>-</b>	<b>(27)</b>	<b>-</b>	<b>(27)</b>
<b>Loss before tax</b>	<b>(2,663)</b>	<b>(280)</b>	<b>534</b>	<b>(2,409)</b>
<b>Tax</b>	<b>(33)</b>	<b>-</b>	<b>(48)</b>	<b>(81)</b>
<b>Loss after tax</b>	<b>(2,696)</b>	<b>(280)</b>	<b>486</b>	<b>(2,490)</b>