

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

WEDNESDAY



\*AADJWWQ8\*

A35

22/09/2021

#39

COMPANIES HOUSE

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### COMPANY INFORMATION

---

**Directors**

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

**Registered number**

2457440

**Registered office**

Baines House  
Midgery Court  
Fulwood  
Preston  
Lancashire  
PR2 9ZH

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
No.1 Spinningfields  
Hardman Square  
Manchester  
M3 3EB

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### CONTENTS

---

	Page
<b>Strategic Report</b>	1 - 7
<b>Directors' Report</b>	8 - 10
<b>Independent Auditors' Report</b>	11 - 14
<b>Statement of Comprehensive Income</b>	15
<b>Statement of Financial Position</b>	16
<b>Statement of Changes in Equity</b>	17
<b>Notes to the Financial Statements</b>	18 - 28

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

---

The Directors present their strategic report for the year ended 31 December 2020.

#### Business Review

The Company specialises in providing independent financial advice and information to UK residents in or approaching retirement.

This advice principally relates to equity release (both lifetime mortgages and home reversion products) 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).

#### Results and performance

The results for the year are set out on page 15, the company delivered a loss before tax of £2,663k (2019: £10,583k loss). This performance is against a backdrop of no growth in the equity release market of £3.9bn (2019: £3.9bn, source: Equity Release Council) partially due to market uncertainty and lack of customer confidence driven by the Covid-19 pandemic.

Despite these external factors, the Company maintained a 19% market share, as extrapolated from the Equity Release Council's (ERC) market size data, helping over 8,000 (2019: over 11,000) customers to release £0.6bn (2019: £0.8bn) of equity from their properties. Thus retaining our market leading position.

However, adapting to the challenges as a result of the Covid-19 pandemic has impacted the profitability of the Company. The reduced level of face to face appointments and valuations with customers, along with both internal and external challenges faced by the Operations teams at post-offer stage has delayed the completion process, therefore reducing the level of income during the period whilst largely maintaining the fixed cost base of the Company.

Additionally, at the start of the year, the marketing costs across the Theo Topco Limited Group were restructured to be consolidated into one central division and are allocated to the relevant legal entity depending on the delivery of enquiries and appointments. This, together with a lower overall Group marketing spend, has resulted in a reduced marketing cost allocation to the Company, producing a net impact of £14,103k in the year.

The Directors continue to believe that Operating Profit Before Amortisation, Depreciation and Exceptionals provides a good measure of the profitability of the Company. For the current year, this metric shows a loss of £2,534k (2019: £8,644k loss) as noted on page 15, while the Statutory EBITDA of (£2,663k) compares to the 2019 result of (£9,313k).

The net assets of the Company were £1,076k (2019: £3,772k). No dividends were paid.

The key trading metrics, discussed on page 2, highlight how the company is performing against its strategy and objectives.

#### Strategy and Business environment

The Directors recognise the challenges outlined above and have made a number of fundamental strategic changes as a result;

In the increasingly crowded equity release market, we believe our new fee free proposition and associated advertising campaign launched via a tied channel with More 2 Life, a sister company, has enabled us to stand out from our competitors as we offer good products for customers in terms of both pricing and features. Exceptional expenses of £129k were incurred in 2020 to prepare for the launch of this new proposition.

In the prior year, the Company's immediate parent company invested in an Advice platform, buying some of the

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### Strategy and Business environment (continued)

existing bespoke software from the Company and developing it to provide a solution for the Company's in-house advisors, self-employed advisers and advisers who are part of a new network co-founded with Mortgage Advice Bureau plc.

This group-wide investment in technology has enabled the Company to continue to maintain its high quality advice and oversight across all adviser channels, reduce the amount of adviser time spent on administration and allow them to focus on providing ever better customer service.

The Group's response to the Covid-19 pandemic was to establish an internal Crisis Management Team (CMT) convening twice weekly and steered by Board members. Under the guidance of the CMT a number of initiatives were introduced aimed at overcoming some of the challenges brought by the pandemic.

As face to face appointments became no longer possible during the lockdown periods, a problem faced across the industry, the CMT implemented steps to quickly transition our advisors to providing advice by telephone as well as adopting more innovative solutions including virtual meetings to meet our customers' needs. This offers the added benefit of allowing the entire family to become more easily involved with the advice process.

The Covid-19 pandemic also necessitated changes to the working environment of our employees. The vast majority of our employees were able to work effectively from home during the pandemic with internal meetings being held virtually and the very few employees who were unable to work from home following strict social distancing measures and an office one way system. The company, rightly, takes pride in the fact that it did not find it necessary to place any employees on furlough during the year.

Overall demand for our products has reduced somewhat during this period, with the previously expected levels of growth not being seen but the Company has continued to trade throughout this period without needing to furlough staff or take advantage of the various Government support schemes.

#### Trading Metrics

	2020	2019	
<b>Turnover</b>	£22,066k	£40,470k	Turnover is considered by the board to be a Key measure of the Company's future development plan to grow the business
<b>Operating Profit Before Amortisation, Depreciation and Exceptionals</b>	(£2,534k)	(£8,644k)	Operating Profit Before Amortisation, Depreciation and Exceptionals is considered by the Board to be the core measure of underlying performance for the Company.
<b>Cost / Income Ratio</b>	111.5%	121.4%	Administrative expenses (excluding depreciation, amortisation, loss on disposal & exceptional costs) as a percentage of turnover. Considered by the Board to be an indicator of the efficiency of the business.
<b>Profit/(Loss) after Tax</b>	(£2,696k)	(£10,565k)	Profit/(Loss) after tax is considered to be a vital indicator of business performance by the Board.
<b>Complaints as a percentage of written cases</b>	1.53%	1.33%	All complaints are tracked and investigated by the Compliance function. The level of upheld complaints received by the Company is minimal.
<b>Complaints Upheld</b>	4	7	

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### Financial key performance indicators

The Directors of the Company have continued to act in a way that promotes the success of the Company throughout the year, taking into account the impact of their decisions on a broad range of stakeholders.

The Group's response to the Covid-19 pandemic was to establish an internal Crisis Management Team (CMT) convening twice weekly and steered by Board members. Under the guidance of the CMT a number of initiatives were introduced aimed at overcoming some of the challenges brought by the pandemic and ensuring that these changes had a positive effect on our stakeholders.

As a Board we have identified the following groups as being our major stakeholders and those most likely to be affected by our decisions, Customers, Employees, Shareholders, Funders, Lenders and Suppliers.

#### Customers

We deem our biggest stakeholder to be our customers. In the content of our financial services business, our regulator requires us to consider the impact on our customers of everything we do. When we are making any decisions as a Board the impact on current and future customers is considered and any potential detriment mitigated before implementation.

During the year, it became necessary to revisit our operating model to ensure that we could still meet the needs of our customers following the restrictions imposed on the UK by the Covid-19 pandemic. Changes in the way we communicate with customers were introduced, in particular the decision by the business to offer virtual meetings ensured that customers were still able to receive the complex financial advice they needed at the time they needed it, despite the prohibition on face to face meetings. This solution offers the added benefit of allowing the entire family to become more easily involved with the advice process. The feedback received from our customers regarding this change has been positive, thereby allowing us to meet our biggest stakeholders' needs whilst at the same time being consistent with the Group's stated aim, to grow the business.

#### Employees

As a responsible employer with a duty of care regarding employee welfare it was clear to the Board that working practices for our office based staff would need to change as a result of the challenges presented by the Covid-19 pandemic. Prior to any formal Government restrictions being imposed, and following discussions with employees the CMT took the decision to allow employees to work from home during the pandemic with internal meetings being held virtually. The company takes pride in the fact that it did not find it necessary to place any employees on furlough during the year or make redundancies.

#### Shareholders

The Group is regularly in discussion with the majority of its Shareholders, and its stated aim, to advance its growth plans, is directly linked with its obligation to advance the interests of the Group. The key measures that have been introduced by the Board in response to the Covid-19 epidemic have been discussed with the majority of our Shareholders, so that they are fully aware of how the Group is reacting to the challenges brought by the pandemic.

#### Lenders

The Board recognises that its Lenders are a key stakeholder of the Group. In order to keep our Lenders informed of our progress we share management information with them on a monthly basis. The Board regularly monitors the Group's position against key Lender covenants to ensure that the business continues to operate within these set parameters. We also certify our position to our Lenders in relation to these covenants. All Board decisions that are taken consider the effect the decision will have on the covenant requirement.

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### Suppliers

The Group has agreed payment terms with each of its individual suppliers and recognises 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 cashflow strains on those suppliers.

While we do consider the impact of our decisions on other stakeholders, including the local community and the environment, these are likely to be lower impact given the nature of our business.

#### **Energy and Carbon Reporting**

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

#### **S172 of the Companies Act 2006**

Key Retirement Solutions Limited are covered by the Group financial statements regarding the s.172 reporting required by the Companies Act 2006. The ultimate parent company for this Group is Theo Topco Limited.

#### **Principal risks and uncertainties**

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. Compliance with regulation, legal and ethical standards is a high priority for the Company and the Compliance 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.

The Board annually reviews and approves a risk appetite statement. The ARCC regularly reviews risk management activities to ensure focus on managing not only existing risks but also identifying emerging risk areas. The Company has business continuity plans in place which it regularly reviews and tests as part of this ongoing review process.

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

The principal business risks, including financial risks, to which the Company is exposed are considered to be:

- Operational risk, which is associated with the Group's internal processes and systems and the potential for these not to function properly. This risk was visible throughout the year as the majority of the workforce adapted to working from home and there remains uncertainty as to if and when a full return to office based working can or should be achieved. The Board is managing this uncertainty by ensuring that when available key systems and software are regularly updated to the latest versions available, as well as introducing data validation controls and checks.
- Regulatory risk, which is the risk that changes in laws or regulations, have an adverse impact on the equity release market in which it operates and the risk that the Group fails to comply with requirements laid down by its regulator, the Financial Conduct Authority (FCA); - The Board is aware that the regulator intends to closely examine the workings of the equity release market in 2021. In order to manage any uncertainty around this, the Group's dedicated compliance department will continue to monitor any regulatory changes in order to ensure compliance and implement any required changes within regulatory timeframes.

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### Principal risks and uncertainties (continued)

- Economic risk, which is 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 Group's ability to compete; Economic risk was also very apparent this year as the economic environment suffered a sharp downturn as a result of the Covid-19 pandemic. Uncertainty remains as to how quickly the economy will recover thereby allowing activity to return to pre Covid-19 levels. The Group is mitigating this uncertainty by ensuring that the business is operationally ready to take advantage of the expected increase in demand for our services as the UK begins to return to normal economic activity levels.
- Strategic risk, which relates to the pursuit of an inappropriate strategy or that the risks associated with its implementation are not fully recognised; The Group does not believe that there has been a significant increase in its Strategic risk during the year, however, it continues to monitor this area. The inherent uncertainty associated with Strategic risk is minimised by the industry and business expertise contained in the composition of the members of the Board. In addition to this the Group regularly seeks advice from a number of professional advisors.
- Liquidity risk, which concerns the Group's ability to meet its financial obligations as they fall due; This risk is monitored at a Group level per the Risk and Compliance Framework with oversight provided by the ARCC. The Group held a healthy cash balance of £24.3m at the year end and as a result is able to manage its liquidity within required parameters. In order to manage any 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, which relates to the impact of increasing interest rates on the affordability of the Group debt package. Uncertainty regarding this risk is managed by the Group via the adoption of fixed rate, fixed term lending as well as hedging facilities to offset movement in variable lending.
- Credit Risk is not considered to be a material risk to the Company.

#### Emerging Risks

The Group 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 cyberattacks become more sophisticated and complex. The Group has taken steps to mitigate much of this risk via the use of professional third parties, however, this is an area that will require close monitoring in the future.



---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### Going concern

The Board of Directors has determined that it is appropriate to continue to prepare the Company financial statements on a going concern basis.

In reaching this conclusion, the Board has considered a number of factors which include:

- a) The positive impact that the widespread vaccination programme is having to reduce infections of Covid-19 in the UK
- b) As a result of the roll out programme and the effect that the 3rd lock-down has had the UK is now successfully emerging in stages from the recent 4 month lock-down in accordance with government guidelines
- c) The general economic conditions as a whole, which at the time of writing include
  - Current low interest rate environment
  - The buoyant stock market 14 months on from the start of the 1st lock-down
  - House price annual inflation growth of 7.5% in the year to January 2021<sup>1</sup>
- d) A year on from the start of the pandemic the business has learned to adapt to new trading conditions including how it engages with its customers and how its staff are able to continue to function effectively working from home. The board feel that the worst effects of the Covid-19 pandemic on the business are now behind it

Whilst there are always uncertainties when considering the future, the board has taken a cautious view from the data at hand and has concluded that the business is in a good place to take advantage of this period following the easing of restrictions.

The Board has performed a going concern assessment at the group level which includes the company forecast results. The Company is one of the obligors in the Group's lending arrangements.

In evaluating the risk, the board has considered a reasonable downside stress test of the forecasts and cash flows including covenant testing, for the 12 month period beyond the signing of the accounts. In this scenario, which the board considers to be the worst realistic downside, the business is able to operate inside its banking covenants. The company also maintains its strong cash balance.

In addition there are a number of levers that the board is able to pull should it need to. These include (but are not limited to), reducing cost spend incurred from marketing activities, recruitment and other salary and benefit levers, reducing capital expenditure and the ability to refinance its senior facilities agreement.

The 1st quarter of 2021 has also seen some positive signs which have been included in the board's data points, and whilst these are only green shoots, the board assesses that consumer confidence is starting to emerge as customers start to plan for the future. In comparing the four months of 2021 to the first four months of 2020 the number of enquiries are starting to increase, whilst in 2020 they were starting to decline, and despite the lock-down for the first four months of 2021 the absolute number of enquires is only 10% below that of the 4 months of 2020 – the 1st quarter of 2020 not being subject to Covid-19 lock-down restrictions.

#### Future developments

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

Over the coming year, with the continued support of colleagues from across the business, the Company intends to advance with its growth plans.

---

**KEY RETIREMENT SOLUTIONS LIMITED**

---

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

This report was approved by the board on 22nd June 2021 and signed on its behalf.

*Simon Thompson*

**S Thompson**  
**Director**

<sup>1</sup> Source <https://www.gov.uk/government/news/uk-house-price-index-for-january-2021>

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

---

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2020.

#### **Matters covered in the strategic report**

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

How the Company addresses its responsibilities regarding Stakeholder Considerations has been outlined in a dedicated section of the Strategic Report above.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £2,696k (2019 - loss £10,565k). The Directors do not propose the payment of a dividend.

#### **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 year ended 31 December 2020 and also at the date of approval of the financial statements.

#### **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  
Stephen Groves  
William Hale  
Robert Scott (resigned 31 March 2021)  
Simon Thompson  
David Young

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulation.

*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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

#### Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is 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.

#### Employee involvement

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

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### **Disabled employees**

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

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

The Company has no branches outside of the United Kingdom.

#### **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 22nd June 2021 and signed on its behalf.

*Simon Thompson*

**S Thompson**  
**Director**

## 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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: statement of financial position as at 31 December 2020; statement of comprehensive income 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 statement 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.

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

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

---

#### 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 2020 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.

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

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

---

#### Responsibilities for the financial statements and the audit

##### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, 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.

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 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 management 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;
- Discussions with management 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.



---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### 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.

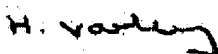
## Other required reporting

### 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  
22 June 2021

---

**KEY RETIREMENT SOLUTIONS LIMITED**

---

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
<b>Turnover</b>	4	22,066	40,470
Administrative expenses		(24,732)	(51,081)
Other operating income		3	28
<hr/>			
Operating loss before amortisation, depreciation & exceptional expenses		(2,534)	(8,644)
Amortisation and depreciation		0	(1,270)
Exceptional administrative expenses		(129)	(669)
<hr/>			
<b>Operating loss &amp; Loss before tax</b>	5	(2,663)	(10,583)
Tax on loss	9	(33)	18
<b>Loss for the financial year</b>		<u>(2,696)</u>	<u>(10,565)</u>

The results stated above are all derived from continuing operations.

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

The notes on pages 18 to 28 form part of these financial statements.

# KEY RETIREMENT SOLUTIONS LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
<b>Fixed assets</b>					
Investments	10		-		-
<b>Current assets</b>					
Debtors: amounts falling due within one year	11	4,978		2,142	
Cash at bank and in hand		792		9,952	
		5,770		12,094	
Creditors: amounts falling due within one year	12	(4,694)		(8,321)	
<b>Net current assets</b>			1,076		3,773
<b>Total assets less current liabilities</b>			1,076		3,773
Creditors: amounts falling due after more than one year	13		-		(1)
<b>Net assets</b>			1,076		3,772
<b>Capital and reserves</b>					
Called up share capital	15		10,004		10,004
Profit and loss account			(8,928)		(6,232)
<b>Total equity</b>			1,076		3,772

The financial statements on pages 15 to 28 were approved and authorised for issue by the Board and signed on 22nd June its behalf by

*Simon Thompson*

**S Thompson**  
Director

---

**KEY RETIREMENT SOLUTIONS LIMITED**

---

---

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

---

	Called up share capital £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2019</b>	4	4,333	4,337
<b>Comprehensive expense for the year</b>			
Loss for the year	-	(10,565)	(10,565)
Shares issued during the year	10,000	-	10,000
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2019 and at 1 January 2020</b>	10,004	(6,232)	3,772
<b>Comprehensive expense for the year</b>			
Loss for the year	-	(2,696)	(2,696)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2020</b>	10,004	(8,928)	1,076

The notes on pages 18 to 28 form part of these financial statements.

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 1. General information

Key Retirement Solutions Limited is a private company limited by shares and incorporated in the United Kingdom and registered in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic report.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

##### *Going concern*

*After reviewing the Group's forecasts and projections (which include the Company) and the relationship of the Company with its Group and its position as obligor, the Board of Directors have determined that the Company has adequate resources to continue to prepare the Company financial statements on a going concern basis.*

*Whilst there are always uncertainties when considering the future, the board has taken a cautious view from the data at hand and has concluded that the business is in a good place to take advantage of this period following the easing of restrictions.*

*In evaluating the risk at a Group Level, the board has considered a reasonable downside stress test of the forecasts and cash flows including covenant testing, for the 12 month period beyond the signing of the accounts. In this scenario, which the board considers to be the worst realistic downside, the business is able to operate inside its banking covenants. The company also maintains its strong cash balance.*

*In addition there are a number of levers that the board is able to pull should it need to. These include (but are not limited to), reducing cost spend incurred from marketing activities; recruitment and other salary and benefit levers, reducing capital expenditure and the ability to refinance its senior facilities agreement.*

*Additional details of the approach taken by the Board to come to this conclusion and the actions taken as a result of this assessment are included within the Strategic Report.*

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

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 2. Accounting policies (continued)

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of Theo Topco Limited as at 31 December 2020 and these financial statements may be obtained from Companies House.

##### 2.3 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.

##### 2.4 Turnover

Turnover represents sales at invoiced amounts less Value Added Tax or local taxes on sales. Turnover incorporates commissions from equity release and annuity providers; packaging fees from equity release providers; administration, advice and other fees from equity release customers; and customer fees for will writing services. Turnover is recognised at various stages as the equity release customer goes through the lending process. Administration fees are recognised as part of turnover at the point of the equity release arrangement being written. All other customer fees, commission and packaging fees are recognised as part of turnover at the point of the completion of the arrangement.

##### 2.5 Exceptional expenses

Exceptional expenses are those which are material in terms of monetary value or nature to the entity and non-recurring.

##### 2.6 Pension costs

Contributions to the Company's defined contribution pension scheme are charged to the Statement of Comprehensive Income in the year in which they become payable. The assets of the scheme are held separately in an independently administered fund. Any amounts outstanding at the year-end are shown as a Pension Creditor within Creditors: Amounts falling due within one year.

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 2. Accounting policies (continued)

##### 2.7 Taxation

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

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

##### 2.8 Leased assets

All leases are treated as operating leases. Their annual rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 January 2014) to continue to be charged over the period to the first market rent review rather than the term of the lease.

For leases entered into on or after 1 January 2014, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

##### 2.9 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the date of the Statement of Financial Position, and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the date of the Statement of Financial Position.

##### 2.10 Reserves

The Company's reserves are as follows:

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

##### 2.11 Dividends

Equity dividends are recognized when they become legally payable. Interim equity dividends are recognized when they are paid. Final equity dividends are recognized when approved by the shareholders.

#### 3. Critical judgements and estimations

Certain reported amounts of assets and liabilities are subject to estimates and assumptions. Estimates and judgements by management are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### Judgements

##### *Classification of leases as finance or operating*

A judgement is made by the Directors to determine whether leases entered into by the Company, either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

#### 4. Turnover

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

#### 5. Operating loss

The operating loss is stated after charging:

	2020 £000	2019 £000
Amortisation	-	1,104
Depreciation	-	166
Hire of other assets - operating leases *	73	41
Hire of land and buildings - operating leases	207	300
Exceptional administrative expenses	129	669

\* Operating lease costs of £73k (2019: £41k) relate to the hire of other assets where the expense was borne by KRS Services Limited, a fellow subsidiary company.

Exceptional administrative expenses comprised £129k relating to the launch of a new business proposition (2019: £669k relating to the launch of a new business proposition and significant change to the business model).

#### 6. Auditors' remuneration

Fees payable to the Company's auditors for the audit of Key Retirement Solutions Limited are borne by KRS Services Limited, a fellow subsidiary company. In the Directors' opinion a reasonable allocation of the audit fee to Key Retirement Solutions Limited would be £53k (2019: £36k). No non-audit services were provided during the current or prior year.



---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 7. Employees

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	7,814	10,031
Social security costs	819	1,064
Other pension costs	292	396
	<u>8,925</u>	<u>11,491</u>

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

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

	2020 No.	2019 No.
Management	15	15
Sales staff	192	234
	<u>207</u>	<u>249</u>

#### 8. Directors' remuneration

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

# KEY RETIREMENT SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 9. Tax on loss

	2020 £000	2019 £000
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(8)	(10)
Adjustments in respect of previous periods	41	(8)
<b>Taxation on loss</b>	<b>33</b>	<b>(18)</b>

#### Factors affecting tax charge/(credit) for the year

The tax assessed for the year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below.

	2020 £000	2019 £000
Loss before tax	(2,663)	(10,583)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(506)	(2,011)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	2	-
Adjust opening deferred tax to average rate of 19%	(9)	1
Adjustments to tax charge in respect of prior periods - deferred tax	41	(7)
Tangible assets differences	-	2
Group relief	505	1,997
<b>Total tax charge/(credit) for the year</b>	<b>33</b>	<b>(18)</b>

#### Tax rate changes

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period and to increase the deferred tax liability.

---

KEY RETIREMENT SOLUTIONS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

---

10. Fixed asset investments

	Investments in subsidiary companies £000
<b>Cost</b>	
At 1 January 2020	-
At 31 December 2020	-
<b>Net book value</b>	
At 31 December 2020	-
At 31 December 2019	-

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 10. Fixed asset investments (continued)

##### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Subsidiary undertakings	Country of incorporation	Principal activity	Class of shares	Holding
Equity Release Assured Limited	England & Wales	Financial Services - mortgage broker - ceased trading in 2016	Ordinary	100%
Home Equity Release Service Limited	England & Wales	Financial Services - mortgage broker	Ordinary	100%
Key Secured Lending Limited	England & Wales	Financial Services - mortgage broker - ceased trading in 2016	Ordinary	100%
The Retirement Lending Advisers Limited	England & Wales	Financial Services - mortgage broker	Ordinary	100%
Modern Lending Advisers Limited	England & Wales	Financial Services - mortgage broker	Ordinary	100%
TERE Advisers Limited	England & Wales	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.

## KEY RETIREMENT SOLUTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 11. Debtors: amounts falling due within one year.

	2020 £000	2019 £000
Trade debtors	308	688
Amounts owed by group undertakings	4,229	1,089
Deferred taxation	85	119
Corporation Tax	46	46
Other debtors	-	2
Prepayments and accrued income	310	198
	<u>4,978</u>	<u>2,142</u>

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

#### 12. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	561	655
Amounts owed to group undertakings	1,717	2,925
Taxation and social security	587	148
Pension creditor	-	1
Other creditors	-	12
Accruals	1,828	4,577
Deferred income	1	3
	<u>4,694</u>	<u>8,321</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 £73,900k senior loan and £5,000k revolving credit facility. 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.

# KEY RETIREMENT SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 13. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Accruals and deferred income	-	1
	<u>-</u>	<u>1</u>

### 14. Deferred taxation

	2020 £000
At beginning of year	119
Charged to profit or loss	(33)
<b>At end of year</b>	<u>86</u>

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	17	18
Tax losses carried forward	1	-
Short term timing differences	67	101
	<u>85</u>	<u>119</u>

### 15. Called up share capital

	2020 £000	2019 £000
<b>Issued and fully paid</b>		
10,000,100 (2019 - 10,000,100) Ordinary "A" shares of £1.000 each	10,000	10,000
4,119,962 (2019 - 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.

---

## KEY RETIREMENT SOLUTIONS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 16. Commitments under operating leases

At 31 December the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Not later than 1 year	242	271
Later than 1 year and not later than 5 years	230	470
	<u>472</u>	<u>741</u>

#### 17. Related party transactions

During the year the company had recharges of £3,478k (2019: £130k) with TERE Advisers Limited, a subsidiary undertaking which is 51% (2019: 51%) owned by the company. At the year-end, this resulted in a net debit balance of £3,608k (2019: £130k) which is included within debtors.

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 2020 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 Baines House, Midgery Court, Fulwood, Preston, PR2 9ZH.

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