



Just Retirement (Holdings) Limited

**Report and Accounts
For the Year Ended 31 December 2020**

Company number: 05078978

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JUST RETIREMENT (HOLDINGS) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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JUST RETIREMENT (HOLDINGS) LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2020. The Company has taken advantage of the exemption in section 414A(2) of the Companies Act 2006 from the requirement to prepare a strategic report on the basis that it would be entitled to prepare accounts for the year in accordance with the small companies regime but for being a member of an ineligible group.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the Company is that of an intermediary holding company of an insurance group. The Directors consider that this will continue into the foreseeable future.

During the year, the Company carried out its annual assessment for impairment with regard to its investments in subsidiaries. As a result, an impairment charge of £10,439,000 has been recognised in the Statement of Comprehensive Income in the year (2019: £15,900,000) in respect of investments in group undertakings and £1,341,000 (2019: nil) in respect of loans to group undertakings and related accrued interest.

In March 2020 the U.K. Government introduced unprecedented measures to restrict the spread of COVID-19 including closing down whole sectors of the economy and requiring most people, other than essential workers, to stay at home. The priority of the Board in 2020 has been to ensure the wellbeing of colleagues. During March 2020 a rapid rollout of new technology and other equipment by the Group enabled 99% of employees to work at home productively, and the pandemic did not significantly impact the operations of the Company. As of the date of this report the majority of staff continue to work at home and there remains some uncertainty as to how long the pandemic will last and what other impacts will arise afterwards, but any potential impacts are not expected to be significant to the Company.

KEY PERFORMANCE INDICATORS

The Directors have not set any KPIs for the Company as it is a holding company. KPIs are set and measured for its subsidiary undertakings as relevant to those entities.

RESULTS AND DIVIDEND

The financial result of the Company for the year ended 31 December 2020 is a loss after tax of £7,606,000 (2019: loss of £11,939,000). The Directors do not propose paying a dividend in respect of the year to 31 December 2020 (2019: £nil).

PRINCIPAL RISKS, UNCERTAINTIES AND FINANCIAL INSTRUMENTS

The Company is exposed to credit risk through the financial investments it holds. The Company is a subsidiary of the Just Group plc group and credit risk is managed on a Group wide basis. There have been no other significant changes to the principal risks during the year, other than preparing against any COVID-19 impact, and the risk outlook is expected to remain stable.

GOING CONCERN

After making enquiries the Directors have formed the view, at the time of approving the financial statements, that the Company has adequate resources to continue in operational existence for the foreseeable future. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period"). For this reason the Directors have adopted the going concern basis in preparing these financial statements.

DIRECTORS

The Directors who held office during the year and at the date of this report are listed below:

David Richardson
Andy Parsons (appointed 13 February 2020)
Chris Rayner (appointed 4 January 2021)
Jason Causer (resigned 4 January 2021)

DIRECTORS' INDEMNITIES

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and Officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company. Such qualifying third party indemnity provision remains in force at the date of this report. Directors' and Officers' liability insurance cover was maintained throughout the year and remains in force at the date of this report.

JUST RETIREMENT (HOLDINGS) LIMITED

POLITICAL DONATIONS

No political contributions were made during the year ended 31 December 2020 (31 December 2019: £nil).

AUDITORS

PricewaterhouseCoopers LLP ("PwC") was appointed the external auditors of the Company for the year ended 31 December 2020. PwC has expressed its willingness to continue in office as the external auditors of the Company. Pursuant to Section 487 of the Companies Act 2006, the external auditors of the Company will be deemed to be reappointed and PwC will therefore continue in office.

DISCLOSURE OF INFORMATION TO AUDITORS

Each person who was a Director of the Company on the date that this report was approved confirms that, so far he or she is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors is unaware. Each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant information and to establish that the auditors is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section pursuant 418 of the Companies Act 2006.

JUST RETIREMENT (HOLDINGS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs in conformity with the requirements of the Companies Act 2006; 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.

BY ORDER OF THE BOARD



Simon Watson
Company Secretary
17 June 2021

Registered Office:
Enterprise House
Bancroft Road
Reigate
Surrey
RH2 7RP

Registered in England
Number 05078978

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JUST RETIREMENT (HOLDINGS) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Just Retirement (Holdings) 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 and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Accounts (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2020; the Statement of comprehensive income; the Statement of changes in equity; the Statement of cash flows 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.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 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 Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Directors' Report and 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 UK company and tax law, 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 the 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 management bias in accounting estimates, such as the valuation of the investment in subsidiary undertakings. Audit procedures performed by the engagement team included:

- Reviewing relevant meeting minutes, including those of the Board of Directors;
- Validating the appropriateness of journal entries identified based on our fraud risk criteria;
- Procedures relating to the valuation of investment in subsidiary undertakings;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Assessing the impact of COVID-19 on the inherent risk of fraud, including potential opportunities for fraud with more remote working and where internal controls may not be operating the way they usually do.

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. 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Thomas Ferguson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 June 2021

JUST RETIREMENT (HOLDINGS) LIMITED

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

		Year ended 31 Dec 2020	Year ended 31 Dec 2019
	Note	£'000	£'000
Operating expenses	3	(94)	(164)
Operating loss		(94)	(164)
Impairment in carrying value of investment in group undertakings	4	(11,780)	(15,900)
Net investment income	5	5,038	5,022
Finance costs	6	-	(8)
Loss before tax		(6,836)	(11,050)
Income tax	7	(770)	(889)
Total comprehensive loss for the year attributable to equity holders		(7,606)	(11,939)

All figures relate to continuing operations.

The notes on pages 12 to 21 form part of these financial statements.

JUST RETIREMENT (HOLDINGS) LIMITED

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

Year ended 31 December 2020	Note	Share capital £'000	Share premium £'000	Accumulated profit £'000	Total £'000
Balance at 1 January 2020		769	260,739	164,859	426,367
Loss for the year		—	—	(7,606)	(7,606)
Total comprehensive loss for the year		—	—	(7,606)	(7,606)
Shares issued	15	95	95,405	—	95,500
Share-based payments	10	—	—	5,821	5,821
Total contributions and distributions		95	95,405	5,821	101,321
Balance at 31 December 2020		864	356,144	163,074	520,082

Year ended 31 December 2019		Share capital £'000	Share premium £'000	Accumulated profit £'000	Total £'000
Balance at 1 January 2019		679	170,829	171,815	343,323
Loss for the year		—	—	(11,939)	(11,939)
Total comprehensive loss for the year		—	—	(11,939)	(11,939)
Shares issued	15	90	89,910	—	90,000
Share-based payments	10	—	—	4,983	4,983
Total contributions and distributions		90	89,910	4,983	94,983
Balance at 31 December 2019		769	260,739	164,859	426,367

JUST RETIREMENT (HOLDINGS) LIMITED

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

		2020	2019	1 January
	Note	£'000	Restated (note 2) £'000	2019 Restated (note 2) £'000
Assets				
Non-current assets				
Investment in group undertakings	10	463,536	372,602	285,318
Loans to group undertakings	11	51,690	51,300	51,300
		<u>515,226</u>	<u>423,902</u>	<u>336,618</u>
Current assets				
Other financial investments	12	4,266	1,009	8,764
Deferred tax asset	13	1,303	1,425	1,684
Other receivables	14	5	7	82
Cash at bank and in hand		114	843	545
		<u>5,688</u>	<u>3,284</u>	<u>11,075</u>
Total assets		<u>520,914</u>	<u>427,186</u>	<u>347,693</u>
Equity				
Share capital	15	864	769	679
Share premium	15	356,144	260,739	170,829
Accumulated profit		163,074	164,859	171,815
Total equity		<u>520,082</u>	<u>426,367</u>	<u>343,323</u>
Liabilities				
Current liabilities				
Other payables	16	832	819	4,370
		<u>832</u>	<u>819</u>	<u>4,370</u>
Total liabilities		<u>832</u>	<u>819</u>	<u>4,370</u>
Total equity and liabilities		<u>520,914</u>	<u>427,186</u>	<u>347,693</u>

The notes on pages 12 to 21 form part of these financial statements.

The financial statements were approved by the Board of Directors on 17 June 2021 and were signed on its behalf by:



Andy Parsons

Director

JUST RETIREMENT (HOLDINGS) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Cash flows from operating activities			
(Loss)/profit before tax		(6,836)	(11,050)
Impairment of investment in group undertakings	4	11,780	15,900
Investment income	5	(5,038)	(5,022)
Interest expense	6	–	8
Decrease in creditors		(11)	(288)
Interest received		5	26
Taxation paid		(630)	(659)
Net cash outflow from operating activities		(730)	(1,085)
Cash flows from investing activities			
Increase in investment in group undertakings	10	(95,552)	(98,201)
Increase in loans to group undertakings	11	(1,690)	–
Interest received on loans to group undertakings		5,000	5,000
Net cash outflow from investing activities		(92,242)	(93,201)
Cash flows from financing activities			
Issue of ordinary share capital	15	95,500	90,000
Decrease in loans from group undertakings		–	(3,000)
Interest paid on loans from group undertakings		–	(171)
Net cash inflow from financing activities		95,500	86,829
Net increase/(decrease) in cash and cash equivalents		2,528	(7,457)
Cash and cash equivalents at start of year		1,852	9,309
Cash and cash equivalents at end of year		4,380	1,852
Cash available on demand		114	843
Units in liquidity funds	12	4,266	1,009
Cash and cash equivalents at end of year		4,380	1,852

JUST RETIREMENT (HOLDINGS) LIMITED

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

1. Accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006. Values are expressed to the nearest £'000.

The Company is a wholly-owned subsidiary of Just Group plc and is included in the consolidated financial statements of Just Group plc, which are publicly available and can be obtained from the same address. Consequently, the Company has taken advantage of the exemption under s400 of the Companies Act 2006 from preparing Group accounts.

The Directors have made an assessment covering a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including assessing the likely impact of the ongoing COVID-19 pandemic, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

As noted above, the Directors have considered the potential impact of the COVID-19 pandemic on the Company, which has been minimal. The Company is continuing to operate with the majority of staff working at home.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

There are no new accounting standards, interpretations or amendments to existing accounting standards in issue relevant to the Company which have not been adopted.

UK-adopted IFRS

As part of its exit from the European Union, the UK has been in a transition period up to 31 December 2020. From 1 January 2021, the Company is required to apply UK-adopted IFRS. In the short term, UK and EU-adopted IFRS are expected to be identical as all existing EU-adopted IFRS are brought into UK law and become UK-adopted IFRS as at 31 December 2020. Going forwards any changes to IFRS will be applied once adopted by the UK.

The following accounting policies have been applied consistently throughout the year.

1.2 Income and expenses

Operating expenses, interest receivable and similar income, interest payable and similar charges are recognised on an accruals basis.

1.3 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity, in which case the related income tax is also recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

JUST RETIREMENT (HOLDINGS) LIMITED

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits to utilise carried forward tax losses against which the reversal of underlying timing differences can be deducted.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Any deferred assets not recognised are separately disclosed.

1.4 Investments

Investment in group undertakings are stated at cost less any provision for impairment.

Loans to group undertakings are valued at amortised cost net of impairment for expected credit losses. Expected credit losses are calculated on a 12 month forward-looking basis where the debt has low credit risk or has had no significant increase in credit risk since the debt originated.

Financial investments are classified in accordance with IFRS 9, Financial Instruments. Under IFRS 9 the valuation basis applied to each asset class is determined by assessing the cash flow characteristics and business model approach as detailed in IFRS 9. The Company has determined that liquidity funds do not give rise to cash flows that are solely payments of principal and interest on principal amounts outstanding and therefore, in accordance with IFRS 9, liquidity funds are measured at fair value through profit or loss.

1.5 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, deposits held at call with banks, and short-term highly liquid investments with less than 90 days' maturity from date of acquisition.

1.6 Share-based payment transactions

The Company is an intermediary holding company within a group where the Group offers share award and option plans in the shares of the ultimate parent company, Just Group plc, to all employees of the Group. These share schemes are accounted for as equity-settled share schemes in the company that receives the service from the employee. As an intermediary holding company, the Company records an increase in the investment in subsidiary undertakings for the value of the share options and awards granted with a corresponding credit entry recognised directly in equity. The value of the share options and awards granted is based upon the fair value of the options and awards at the grant date, the vesting period and the vesting conditions.

2. Prior year restatement

Investment in group undertakings and loans to group undertakings

During the year the Company has reclassified loans to group undertakings from Investment in group undertakings on the Statement of financial position, as these are considered to be debt arrangements as opposed to equity instruments. This resulted in £51,300,000 of loans to group undertakings being reclassified from Investment in group undertakings at 31 December 2019 (£51,300,000 at 1 January 2019). This reclassification did not have any impact Total assets, the Statement of comprehensive income, the statement of changes in equity, the statement of cash flows, or any notes to the financial statements.

3. Operating expenses

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Fees payable for the audit of the Company's financial statements	30	37
Other administrative expenses	64	127
	<u>94</u>	<u>164</u>

There were no non-audit fees paid to the auditors in respect of this entity.

JUST RETIREMENT (HOLDINGS) LIMITED

4. Impairment in carrying value of investment in group undertakings

During the year, the Company carried out its annual assessment for impairment with regard to its investments in subsidiaries. As a result, an impairment charge of £10,439,000 has been recognised in the Statement of Comprehensive Income in the year (2019: £15,900,000) in respect of investments in group undertakings and £1,341,000 (2019: nil) in respect of loans to group undertakings and related accrued interest. Further details are provided in notes 10 and 11 to the financial statements.

5. Net investment income

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Deposit interest receivable	4	22
Loan interest receivable	5,034	5,000
	<u>5,038</u>	<u>5,022</u>

Loan interest receivable represents the interest arising from loans to subsidiary undertakings, including the tier two loan agreements with Just Retirement Limited (see note 11).

6. Finance costs

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Loan interest payable	–	8
	<u>–</u>	<u>8</u>

7. Income tax

	Year ended 31 Dec 2020 £'000	Year ended 31 Dec 2019 £'000
Current tax:		
Current period	649	630
Total current tax	<u>649</u>	<u>630</u>
Deferred tax:		
Origination and reversal of temporary differences	289	289
Rate change	(168)	(30)
Total deferred tax	<u>121</u>	<u>259</u>
Total income tax	<u>770</u>	<u>889</u>
Loss on ordinary activities before tax	<u>(6,836)</u>	<u>(11,050)</u>
Income tax at 19%	<u>(1,299)</u>	<u>(2,100)</u>
Effects of:		
Expenses not deductible for tax purposes	2,237	3,019
Rate change	(168)	(30)
Total income tax	<u>770</u>	<u>889</u>

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19% rather than previously enacted reduction to 17%. On 3 March 2021, the Government announced an increase in the rate of corporation tax rate to 25% from 1 April 2023. The change in rate has yet to be substantively enacted and the impact of the rate change will not be material for the financial statements.

JUST RETIREMENT (HOLDINGS) LIMITED

8. Remuneration of Directors

All Directors are employed by, and receive their emoluments from Just Retirement Management Services Limited, a fellow Group undertaking.

The Directors holding office during the year to 31 December 2020 consider that their services to the Company are incidental to their other duties within Just Group and accordingly no remuneration has been apportioned to the Company (2019: £nil).

9. Staff numbers and costs

Staff costs are recharged from fellow Group undertaking Just Retirement Management Services Limited, in accordance with management services agreements. All staff are employed by Just Retirement Management Services Limited and details of employee numbers are available in the financial statements of that company.

10. Investment in group undertakings

	£'000
At 1 January 2020	372,602
Additions	101,373
Impairment	(10,439)
At 31 December 2020	463,536
At 1 January 2019	285,318
Additions	103,184
Impairment	(15,900)
At 31 December 2019	372,602

The Company held investments in the ordinary shares (unless otherwise stated) of the following subsidiary undertakings at 31 December 2020:

	Principal activity	Registered office	Percentage of nominal share capital and voting rights held
Direct subsidiary			
HUB Acquisitions Limited ¹	Holding company	Reigate	100%
HUB Financial Solutions Limited	Distribution	Reigate	100%
HUB Pension Solutions Limited	Distribution	Reigate	100%
Just Retirement (South Africa) Holdings (Pty) Limited	Holding company	South Africa	100%
Just Retirement Limited	Life Assurance	Reigate	100%
Just Retirement Management Services Limited	Management services	Reigate	100%
Just Retirement Money Limited	Provision of lifetime mortgage products	Reigate	100%
Enhanced Retirement Limited	Dormant	Reigate	100%
HUB Transfer Solutions Limited	Dormant	Reigate	100%
JRP Group Limited	Dormant	Reigate	100%
JRP Nominees Limited	Dormant	Reigate	100%
Just Annuities Limited	Dormant	Reigate	100%
Just Equity Release Limited	Dormant	Reigate	100%
Just Incorporated Limited	Dormant	Reigate	100%
Just Protection Limited	Dormant	Reigate	100%
Just Retirement Nominees Limited	Dormant	Reigate	100%
Just Retirement Solutions Limited	Dormant	Reigate	100%
TOMAS Acquisitions Limited	Dormant	Reigate	100%
Corinthian Group Limited	Holding company	Reigate	75%
Spire Platform Solutions Limited ²	Software development	Portsmouth	33% ³

JUST RETIREMENT (HOLDINGS) LIMITED

Indirect subsidiary

Just Re 1 Limited	Investment activity	Reigate	100%
Just Re 2 Limited	Investment activity	Reigate	100%
Just Retirement Life (South Africa) Limited	Life assurance	South Africa	100%
The Open Market Annuity Service Limited	Software solutions	Belfast	100%
TOMAS Online Development Limited	Software development	Belfast	100%
HUB Digital Solutions Limited	Dormant	Reigate	100%
HUB Online Development Limited	Dormant	Belfast	100%
Just Management Services (Proprietary) Limited	Dormant	South Africa	100%
Just Retirement Finance plc	Dormant	Reigate	100%
HUB Pension Consulting Limited	Pension consulting	Reigate	75%

¹ Class "A" and Class "B" ordinary shares.

² Class "B" ordinary shares.

³ Control is based on Board representation rather than percentage holding.

Registered offices

Reigate:	Belfast:	South Africa:	Portsmouth:
Enterprise House	3 rd Floor	Office G01	Building 3000
Bancroft Road	Arena Building	Big Bay Office Park	Lakeside North Harbour
Reigate	Ormeau Road	16 Beach Estate	Portsmouth
Surrey	Belfast	Boulevard	Hampshire
RH2 7RP	BT7 1SH	Big Bay	PO6 3EN
		Western Cape	
		7441	

All subsidiary undertakings have a financial year end of 31 December with the exception of Spire Platform Solutions Limited which has a year end of 30 June.

On 4 July 2018, the Company subscribed for 33% of the ordinary share capital of Spire Platform Solutions Limited, a newly incorporated company, for a consideration of £1,000,000. The Company has majority representation on the Board of Spire Platform Solutions Limited, giving it effective control, and therefore accounts for the investment as a subsidiary undertaking.

On 17 August 2018, the Group acquired 12,324 £0.50 ordinary shares of Corinthian Group Limited (equating to 75% of total issued share capital) for consideration of £1,125,000. £825,000 of the consideration was paid on acquisition and £300,000 was contingent on the acquired entity achieving agreed future profit targets and reorganisation savings. A liability was recognised for the full potential contingent consideration, of which £117,000 was paid during 2019 (see note 17).

During the year, the Company:

- Subscribed to a further 90,000,000 £0.10 ordinary shares in Just Retirement Limited for consideration of £90,000,000;
- Subscribed to a further 1,750,000 £1 ordinary shares in HUB Financial Solutions Limited for consideration of £1,750,000
- Subscribed to a further 500,000 £1 ordinary shares in HUB Pension Solutions Limited for consideration of £500,000
- Subscribed to a further 1,200,000 £1 ordinary shares in Just Retirement Money Limited for consideration of £1,200,000
- Made further capital injections of £2,101,799 to Just Retirement (South Africa) Holdings (Pty) Limited.

Additions in the year also include £5,821,000 invested in relation to the cost of share-based payments for services provided by employees of subsidiary undertaking, Just Retirement Management Services Limited, to be satisfied by shares issued by parent company, Just Group plc. Disclosure in respect of the Group's employee share schemes are included in the financial statements of Just Retirement Management Services Limited.

JUST RETIREMENT (HOLDINGS) LIMITED

Investments in group undertakings are assessed annually to assess whether there is any indication of impairment. As at 31 December 2020, the market capitalisation of the Group was less than its net assets. The shortfall between the market capitalisation and net assets of the Group was an indicator of possible impairment of the Company's investment in its life company subsidiary Just Retirement Limited (JRL).

Impairment testing was therefore carried out to assess the recoverable amount of the investment in JRL at 31 December 2020. The testing assessed the recoverable amount for JRL through a value in use calculation based on the expected emergence of excess capital under Solvency II. The carrying amount of the investment in JRL was £513,000,000. The recoverable amount was calculated to be in excess of this amount, indicating that no impairment of the Company's investment in JRL was required.

The calculation of value in use for JRL uses cash flow projections based on the emergence of surplus for in-force business on a Solvency II basis, over a 25 year period, together with new business cash flows on a Solvency II basis set out in the Group's business plan approved by the Board.

The pre-tax discount rate used was 11.7%. The discount rate was determined using a weighted average cost of capital approach, adjusted for specific risks attributable to the businesses.

A one percentage point increase in the discount rate used would reduce the value in use of JRL by £132m.

The Directors have not identified a reasonably possible change in assumptions which would result in the carrying amount of the investment in JRL to exceed its recoverable amount.

The review of the Company's other investments in Group undertakings did identify, and the Company has recognised, the following impairments:

- impairment of the investment in Just Retirement (South Africa) Holdings (Pty) Limited of £2,000,000, to reduce the carrying value to £6,889,000; and
- impairment of the investment in Just Retirement Management Services Limited of £1,700,000, to reduce the carrying value to £18,736,000.
- impairment of the investment in HUB Financial Solutions Limited of £2,600,000, to reduce the carrying value to £2,213,000.
- impairment of the investment in HUB Pension Solutions Limited of £2,014,000, to reduce the carrying value to £nil.
- impairment of the investment in HUB Pension Consulting Limited of £1,125,000, to reduce the carrying value to £nil.
- impairment of the investment in Spire Platform Solutions Limited of £1,000,000, to reduce the carrying value to £nil.

Impairment charges have been recognised in profit and loss in the year (see note 4).

11. Loans to group undertakings

	£'000
At 1 January 2020	51,300
Additions	1,690
Impairment	(1,300)
At 31 December 2020	51,690
At 1 January 2019	51,300
At 31 December 2019	51,300

On 11 October 2012, the Company entered into a Tier 2 loan arrangement with subsidiary undertaking, Just Retirement Limited, for an amount of £40,000,000. This loan bears annual interest of 10% and is repayable (together with any interest accrued thereon but not yet paid) on 13 October 2022 or such later date as agreed in writing by Just Retirement Limited and the Company.

On 28 May 2013, the Company entered into a Tier 2 loan arrangement with Just Retirement Limited for an amount of £14,000,000. This loan bears annual interest of 10% and is repayable (together with any

JUST RETIREMENT (HOLDINGS) LIMITED

interest accrued thereon but not yet paid) on 13 October 2022 or such later date as agreed in writing by Just Retirement Limited and the Company. On 26 October 2016 £4,000,000 of this loan was repaid.

The Company has a loan arrangement with subsidiary undertaking, Spire Platform Solutions Limited. £1,690,000 is drawn down in total, of which £690,000 was drawn down during the year. The loan bears annual interest of 5% and is repayable in full before the sixth anniversary of the acquiree's first quotations to prospective customers. No interest is payable until such time as Spire Platform Solutions Limited has achieved a profit of at least £1.

The Company has a loan arrangement with subsidiary undertaking, HUB Pension Consulting Limited. £1,300,000 is drawn down in total, of which £1,000,000 was drawn down during the year. The loan bears annual interest of 6% and is repayable on demand. A provision has been made in full in relation to the loan and accrued interest.

12. Other financial investments

	2020	2019
	£'000	£'000
Units in liquidity funds	4,266	1,009
	<u>4,266</u>	<u>1,009</u>

All financial assets are measured at fair value through profit and loss and designated as such on initial recognition. All assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value being measured as a whole. Units in liquidity funds are classified as Level 1. There have been no transfers between levels during the year.

13. Deferred tax

	2020	2019
	£'000	£'000
Net balance at start of year	1,425	1,684
Origination and reversal of temporary differences	(122)	(289)
Rate change	–	30
Net balance at end of year	<u>1,303</u>	<u>1,425</u>

14. Other receivables

	2020	2019
	£'000	£'000
Amounts owed by group undertakings	5	6
Prepayments and accrued income	–	1
	<u>5</u>	<u>7</u>

All amounts receivable are expected to be settled within 12 months of the Statement of Financial Position date.

JUST RETIREMENT (HOLDINGS) LIMITED

15. Share capital

As permitted by the Companies Act 2006, the Company has removed references to authorised share capital from its Articles of Association.

	Number of £0.001 ordinary shares	Share capital £'000	Share premium £'000	Total £'000
At 1 January 2020	768,831,677	769	260,739	261,508
Shares issued	95,000,000	95	95,405	95,500
At 31 December 2020	863,831,677	864	356,144	357,008
At 1 January 2019	678,831,677	679	170,829	171,508
Shares issued	90,000,000	90	89,910	90,000
At 31 December 2019	768,831,677	769	260,739	261,508

16. Other payables

	2020 £'000	2019 £'000
Amounts owed to group undertakings	649	636
Contingent consideration	183	183
	832	819

Contingent consideration is in respect of the acquisition of 75% of the total issued share capital of Corinthian Group Limited on 17 August 2018, and is contingent on the acquired entity achieving agreed future profit targets and reorganisation savings (see note 10). Contingent consideration of £300,000 was recognised at acquisition, of which £117,000 was paid during 2019.

17. Capital commitments

The Company had no capital commitments as at 31 December 2020 (2019: nil).

18. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2020 (2019: nil).

19. Financial risk management

The Company is a subsidiary of the Just Group plc group (the "Group"). The Group faces a number of principal risks and uncertainties that are reviewed on a regular basis as part of the Group's risk management framework. Details of those principal risks and uncertainties, and the Group's risk management framework are disclosed in the consolidated financial statements of Just Group plc. The Company is exposed to credit risk through the financial investments it holds.

Credit risk

The following table provides information regarding the credit risk exposure for financial assets which are neither past due nor impaired at 31 December:

JUST RETIREMENT (HOLDINGS) LIMITED

	AAA	BBB	Unrated	Total
31 December 2020	£'000	£'000	£'000	£'000
Units in liquidity funds	4,266	–	–	4,266
Debtors	–	–	5	5
	<u>4,266</u>	<u>–</u>	<u>5</u>	<u>4,271</u>

	AAA	BBB	Unrated	Total
31 December 2019	£'000	£'000	£'000	£'000
Units in liquidity funds	1,009	–	–	1,009
Debtors	–	–	7	7
	<u>1,009</u>	<u>–</u>	<u>7</u>	<u>1,016</u>

20. Related party transactions

The following transactions were made with related parties during the year:

	Year ended 31 Dec 2020	Year ended 31 Dec 2019
	£'000	£'000
Operating expenses and management fees charged by Just Retirement Management Services Limited	(94)	(164)
Loan repayment to Just Retirement Group Holdings Limited	–	(3,000)
Interest on loan balances charged to Just Retirement Limited	5,000	5,000
Interest on loan balances charged to HUB Pension Consulting Limited	35	–
Interest on loan balances charged by Just Retirement Group Holdings Limited	–	(8)

Capital injections to group undertakings and loans advanced to or repaid by group undertakings during the year, and impairments and provisions made during the year against those transactions and balances, are detailed in notes 10 and 11.

None of the Directors received any remuneration for their service as Directors of Just Retirement (Holdings) Limited.

The following balances in respect of related parties were owed by the Company at the end of the year:

	2020	2019
	£'000	£'000
Amounts owed for group corporation tax	(648)	(630)
Just Retirement Management Services Limited	–	(6)
	<u>(648)</u>	<u>(636)</u>

The following balances in respect of related parties were owed to the Company at the end of the year:

	2020	2019
	£'000	£'000
Loan to Just Retirement Limited	50,000	50,000
Loan to HUB Pension Consulting Limited (including interest)	1,341	306
Loan to Spire Platform Solutions Limited	1,690	1,000
Just Retirement Management Services Limited	5	–
	<u>53,036</u>	<u>51,306</u>

JUST RETIREMENT (HOLDINGS) LIMITED

21. Ultimate parent company

The immediate parent company of Just Retirement (Holdings) Limited is Just Retirement Group Holdings Limited, a company incorporated in England and Wales.

The ultimate parent company of the group in which the results of Just Retirement (Holdings) Limited are consolidated is Just Group plc, a company incorporated in England and Wales.

22. Post balance sheet events

Since 31 December 2020 the Company has made capital injections to subsidiary undertakings of £2,000,000 to HUB Financial Solutions Limited, and £974,436 to Just Retirement (South Africa) Holdings (Pty) Limited. There are no other post balance sheet events that have taken place between 31 December 2020 and the date of this report that are required to be brought to the attention of shareholders.