

More 2 Life Ltd

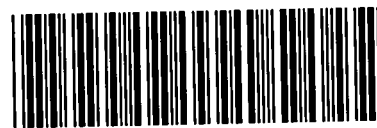
Company number 5390268

Report and Financial Statements

Year Ended

31 December 2018

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More 2 Life Ltd

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

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Directors

David Harris
Simon Thompson
Robert Scott
Lukas Bucher (appointed 26 September 2018)
Andrew Deakin (appointed 26 September 2018)
Stephen Groves (appointed 26 September 2018)
David Young (appointed 26 September 2018)

Registered office

Baines House
Midgery Court
Fulwood
Preston
PR2 9ZH

Company number

5390268

Independent Auditors

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

More 2 Life Ltd

Strategic report for the year ended 31 December 2018

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

Business review

The Company is a specialist lender and its principal activity continues to be the origination and administration of lifetime mortgage products. The Company is authorised and regulated by the Financial Conduct Authority (FCA).

Results and performance

The result of the Company for the year, as set out on page 9, shows a profit before tax of £22,027k (2017: £13,567k). The net assets of the Company were £34,785k (2017: £15,066k). No interim dividends were paid.

Turnover increased to £44,231k (2017: £30,288k) as the benefits of substantial incremental funding, which was as a result of an increase in existing funder appetite and the launch of a new funder, started to come through with the Company originating nearly £0.7bn (2017: £0.4bn) of lending volume. This increased lending took the Company's market share from 12.7% to 17.8%.

The administration service provided to lifetime mortgage providers continue to show strong growth with the portfolio growing to £2.2bn at the year end (2017: £1.2bn). As well as the organic growth from new origination, the Company took over the administration of £0.3bn of existing equity release mortgages.

The Directors continue to believe that earnings before interest, tax, depreciation, amortisation and exceptional items (EBITDA) provides a good measure of the profitability of the Company. Earnings using this measure were £22.4m (2017: £13.6m) as noted on page 2, reflecting the growth in turnover described above.

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

Strategy and Business environment

The Company has continued to demonstrate the momentum in applications that it saw in the last quarter of 2018, in early 2019. The trend is similar for converted applications. Combined with the growing market, we therefore expect to see continuing substantial business growth in 2019.

With the appointment of the director of funding and more senior managers, the headcount has increased to 73. This should enable us to continue to grow efficiently while providing great service to customers and brokers.

More 2 Life Ltd

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

Key performance indicators ('KPIs')

	2018	2017	
EBITDA	£22,409k	£13,566k	EBITDA is considered by the Board to be the core measure of underlying performance for the Company.
Cost / Income ratio	49.8%	54.9%	Cost of sales and administrative expenses (excluding depreciation & exceptional costs) as a percentage of turnover. Considered by the Board to be an indicator of the efficiency of the business.
Complaints	41	10	All complaints are tracked and investigated by the Compliance function. The level of upheld complaints received by the Company is minimal.

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

- operational risk, which is associated with the Company's internal processes and systems and the potential for these not to function properly;
- regulatory risk, which is the risk that changes in laws or regulations, such as Solvency II, have an adverse impact on the equity release market in which it operates and the risk that the Company fails to comply with requirements laid down by its regulator, the FCA;
- economic risk, which is the risk that changes in the economy, e.g. interest rate changes, impact market conditions and reduce the Company's ability to compete;
- strategic risk, which relates to the pursuit of an inappropriate strategy or that the risks associated with its implementation are not fully recognised; and
- liquidity risk, which concerns the Company's ability to meet its financial obligations as they fall due.

More 2 Life Ltd

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

Future developments

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

Over the coming year, the Company intends to continue with its growth plans. The impact of investment in people and systems is expected to materialise in further productivity improvements in 2019. The substantial increase in competition to attract customers is expected to continue over 2019, testing the resilience of all the business models in the sector. However, we believe that we are well placed to be able to continue to compete effectively and maintain our market leading position.

The business is expected to grow profitably in 2019. Expense control will continue to be a priority with further investment focussed on efficiency and revenue expansion.

On behalf of the board



**R Scott
Director**

Date: 23 April 2019

More 2 Life Ltd

Directors' report for the year ended 31 December 2018

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

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.

Results and dividends

The Statement of Comprehensive Income is set out on page 9 and shows the profit for the year.

Interim dividends of ENII (2017: ENII) were paid during the year. The directors do not recommend the payment of a final 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. This insurance was in place throughout the year and up to the date of signing the financial statements.

Directors

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

David Harris

Simon Thompson

Robert Scott

Lukas Bucher (appointed 26 September 2018)

Andrew Deakin (appointed 26 September 2018)

Stephen Groves (appointed 26 September 2018)

David Young (appointed 26 September 2018)

More 2 Life Ltd

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

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

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

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

Disclosure of information to auditors

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

Independent auditors

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

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

On behalf of the board



R Scott
Director

Date: 28 April 2019

**Independent auditors' report to the members of
More 2 Life Ltd**

Report on the audit of the financial statements

Opinion

In our opinion, More 2 Life Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2018; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

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

Independent auditors' report to the members of

More 2 Life Ltd

(Continued)

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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

Independent auditors' report to the members of

More 2 Life Ltd

(Continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

H Varley

Heather Varley (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

23 April 2019

More 2 Life Ltd

Statement of Comprehensive Income for the year ended 31 December 2018

	Note	2018 £	2017 restated £
Turnover	4	44,231,466	30,287,631
Cost of sales		<u>(12,438,909)</u>	<u>(8,898,814)</u>
Gross profit		31,792,557	21,388,817
Administrative expenses		(9,767,413)	(7,848,646)
Other operating income		<u>-</u>	<u>25,952</u>
Operating profit	7	22,025,144	13,566,123
Finance income	8	<u>1,736</u>	<u>561</u>
Profit before tax		22,026,880	13,566,684
Tax on profit	9	<u>(2,308,156)</u>	<u>(2,433,050)</u>
Profit for the financial year		<u>19,718,724</u>	<u>11,133,634</u>

The prior year revenue has been restated to include customer incentives which were previously included within administrative expenses.

The results stated above are all derived from continuing operations.

There are 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 12 to 21 are an integral part of these financial statements.

More 2 Life Ltd

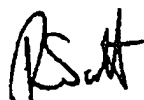
Statement of Financial Position as at 31 December 2018

	Note	2018 £	2018 £	2017 restated £	2017 restated £
Fixed assets					
Intangible assets	10	1,498,689		1,385,070	
Tangible assets	11	36		180	
Investments	12	<u>2</u>		<u>2</u>	
			1,498,727		1,385,252
Current assets					
Debtors	13	29,847,719		12,050,729	
Cash at bank and in hand		<u>10,430,226</u>		<u>7,930,639</u>	
		40,277,945		19,981,368	
Creditors: amounts falling due within one year	14	(6,719,380)		(6,300,168)	
Net current assets			33,558,565		13,681,200
Total assets less current liabilities			35,057,292		15,066,452
Provision for other liabilities	15	(272,116)			
Net assets			<u>34,785,176</u>		<u>15,066,452</u>
Capital and reserves					
Called up share capital	17		100		100
Profit and loss account			<u>34,785,076</u>		<u>15,066,352</u>
Total equity			<u>34,785,176</u>		<u>15,066,452</u>

The 2017 Intangible assets have been restated. Previously they were included within tangible assets.

The notes on pages 12 to 21 are an integral part of these financial statements.

The financial statements on pages 9 to 21 were approved by the Board of Directors and authorised for issue on 23 April 2019 and were signed on its behalf by:



R Scott
Director

Company registration no: 5390268

More 2 Life Ltd

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

	Note	Share capital £	Retained earnings £	Total equity £
Balance at 1 January 2017		100	3,932,718	3,932,818
<i>Comprehensive Income</i>				
Profit and total comprehensive income for the year		-	11,133,634	11,133,634
Balance at 31 December 2017 and at 1 January 2018	16	100	15,066,352	15,066,452
<i>Comprehensive Income</i>				
Profit and total comprehensive income for the year		-	19,718,724	19,718,724
Balance at 31 December 2018	16	100	34,785,076	34,785,176

The notes on pages 12 to 21 are an integral part of these financial statements.

More 2 Life Ltd

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

1 Basis of preparation

More 2 Life Ltd is a private company limited by shares and is incorporated in the United Kingdom and registered in England under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

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

Going concern

After reviewing the Company's forecasts and projections to December 2020, the Directors believe that the Company has sufficient financial resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2 Principal accounting policies

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

Financial reporting standard 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 paragraph 1.12:

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

This information is included in the consolidated financial statements of Theo Topco Limited as at 31 December 2018 and these financial statements may be obtained from Companies House.

In addition, the Company has taken advantage of the related party transaction disclosure exemption available to it under FRS 102 paragraph 33.1A, not to disclose transactions between the Company and other wholly owned members of the Group headed by Theo Topco Limited.

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.

More 2 Life Ltd

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

2 Principal accounting policies (continued)

Turnover

Turnover represents sales to external customers and third parties at invoiced amounts less Value Added Tax or local taxes on sales. Turnover incorporates loan sale premiums, which is a percentage paid to the company by the funder each time a loan is made to a customer, servicing fees from third parties and arrangement fees from customers. Loan sale premiums and arrangement fees are recognised as part of turnover at the point of the completion of the arrangement. Servicing fees are recognised on a monthly basis in line with the contractual agreements.

Turnover in 2017 has been restated to include cashback offered to customers on a number of products. In the prior year this was recognised within administration expenses. In 2018 the cashback offered to customers was £3.1m (2017: £0.5m).

Cost of sales

Cost of sales represent the cost of introducer fees, legal fees incurred in the completion of a loan and other sundry fees. These costs are recognised on completion.

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 separately identifiable asset or liability in the Statement of Financial Position.

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.

Deferred taxation

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

Deferred tax balances are not discounted.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

In 2017 tangible fixed assets included computer software within computer hardware. This has been restated in 2018 to exclude computer software which is classed as an intangible asset.

More 2 Life Ltd

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

2 Principal accounting policies (continued)

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible assets evenly over their expected useful lives. It is calculated at the following rates:

Computer hardware	- 20 % per annum straight line
Fixtures, fittings and equipment	- 20 % per annum straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Impairment of tangible assets

The need for any tangible asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

Intangible fixed assets

In 2017 computer software was included within tangible assets. This has been restated in 2018 to include computer software as an intangible asset.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Computer software	- 5 years
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Amortisation is included in administrative expenses in the Statement of Comprehensive Income.

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.

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.

Capitalisation of technology costs

The Company classifies capital assets as tangible or intangible items of property or software that have a value greater than or equal to £1,000 and have a useful life of greater than one year. The cost of testing can also be capitalised when significant. Only those costs directly attributable to testing may be capitalised, the cost of testers and resource seconded to test is acceptable, secondary costs such as the cost of general project management cannot be capitalised.

More 2 Life Ltd

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

2 Principal accounting policies (continued)

Estimations

Loan Sale Premium ("LSP") Clawback accrual

Under Mortgage Purchase Agreements between More 2 Life Ltd and Funders, there are scenarios which create a liability for More 2 Life Ltd. The Company tracks historical voluntary redemptions and business volumes to arrive at an estimation of the potential LSP liability. A provision for this estimation has been included in the financial statements.

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.

Judgements

Impairment of tangible assets

The Company determines whether property, plant and equipment are impaired when there is an indicator of potential impairment. This requires the determination of the recoverable amount of the cash-generating units to which property, plant and equipment are allocated. The recoverable amounts are determined by estimating the value in use of those cash-generating units. Value in use calculations require the Company to make an estimate.

Impairment of intangible assets

The Company determines where factors such as technological advancement or changes in market price, indicate that the residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

4 Turnover

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

5 Employee numbers and expense

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

	2018	2017
	No.	No.
Management	8	4
Administration staff	49	27
Sales staff	16	12
	<hr/>	<hr/>
	73	43

More 2 Life Ltd

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

5 Employee numbers and expense (continued)

	2018	2017
	£	£
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	2,166,937	1,013,033
Social security costs	211,962	94,538
Other pension costs	62,209	25,358
	2,441,108	1,132,929

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

6 Directors' remuneration

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

7 Operating profit

	2018	2017
	£	£
Operating profit has been derived after charging:		
Amortisation	383,356	280,717
Depreciation	144	216
One off administrative expenses	171,436	65,389

More 2 Life Ltd is approved by the Equity Release Council (formally the Safe Home Income Plans (SHIP) Group) and as such has incurred £65,000 (2017: £40,000) in related costs.

Auditors' remuneration

Fees payable to the Company's auditors for the audit of More 2 Life Ltd are borne by KRS Services Limited, a fellow subsidiary company. In the Directors' opinion a reasonable allocation of the audit fee to More 2 Life Ltd would be £25,000 (2017: £7,875).

8 Finance income

	2018	2017
	£	£
Bank interest received	1,736	561

More 2 Life Ltd

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

9 Tax on profit

	2018 £	2018 £	2017 £	2017 £
<i>Current tax</i>				
UK corporation tax on profit for the year	2,351,500		2,388,354	
Adjustments in respect of previous periods	<u>(37,775)</u>		<u>45,678</u>	
Total current tax		2,313,725		2,434,032
<i>Deferred tax</i>				
Origination and reversal of timing differences	2,649		1,110	
Adjustments in respect of previous periods	<u>(8,218)</u>		<u>(2,092)</u>	
Movement in deferred tax provision		(5,569)		(982)
Tax on profit		<u>2,308,156</u>		<u>2,433,050</u>

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2018 £	2017 £
Profit before tax	<u>22,026,880</u>	<u>13,566,684</u>
Tax on profit at the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	4,185,107	2,611,587
Effects of:		
Expenses and reliefs not deductible for tax purposes	8,271	5,773
Group relief claimed	(1,838,917)	(227,284)
Adjustments to tax charge in respect of previous periods	(45,993)	45,213
Adjustments to tax charge in respect of previous periods - deferred tax	-	(2,092)
Adjust closing deferred tax to average rate of 19.25%	-	847
Adjust opening deferred tax to average rate of 19.25%	-	(994)
Adjust deferred tax to average rate of 19%	(312)	-
Total tax charge	<u>2,308,156</u>	<u>2,433,050</u>

More 2 Life Ltd

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

10 Intangible assets

	Computer Software £	Total £
Cost		
At 1 January 2018	3,770,214	3,770,214
Additions	596,412	596,412
Disposals	(99,437)	(99,437)
At 31 December 2018	<u>4,267,189</u>	<u>4,267,189</u>
Accumulated amortisation		
At 1 January 2018	2,385,144	2,385,144
Charge for the year	388,266	388,266
Disposals	(4,910)	(4,910)
At 31 December 2018	<u>2,768,500</u>	<u>2,768,500</u>
Net book value		
At 31 December 2018	<u>1,498,689</u>	<u>1,498,689</u>
At 31 December 2017	<u>1,385,070</u>	<u>1,385,070</u>

In 2017 computer software was included within tangible assets. This has been restated in 2018 to include computer software as an intangible asset.

11 Tangible assets

	Computer Hardware £	Fixtures, Fittings and Equipment £	Total £
Cost			
At 1 January 2018	101,213	1,608	102,821
At 31 December 2018	<u>101,213</u>	<u>1,608</u>	<u>102,821</u>
Accumulated depreciation			
At 1 January 2018	101,213	1,428	102,641
Charge for the year	-	144	144
At 31 December 2018	<u>101,213</u>	<u>1,572</u>	<u>102,785</u>
Net book value			
At 31 December 2018	<u>-</u>	<u>36</u>	<u>36</u>
At 31 December 2017	<u>-</u>	<u>180</u>	<u>180</u>

More 2 Life Ltd

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

12 Investments

Cost and net book value	£
At 31 December 2017 and at 31 December 2018	<u>2</u>

The subsidiary of the Company is:

<i>Subsidiary undertaking</i>	<i>Country of incorporation</i>	<i>Class of share capital held</i>	<i>Proportion of share capital held</i>	<i>Nature of business</i>
More 2 Life SPV 1 Limited	England & Wales	Ordinary	100%	Dormant

The registered office of More 2 Life SPV 1 Limited is Baines House, Midgery Court, Fulwood, Preston, PR2 9ZH.

13 Debtors

	2018	2017
	£	£
Trade debtors	526,077	220,295
Amounts owed by Group undertakings	28,717,204	11,413,946
Deferred tax (note 16)	11,979	6,410
Other debtors	297,820	120,808
Prepayments and accrued income	294,639	289,270
	<u>29,847,719</u>	<u>12,050,729</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.

14 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	160,212	463,441
Amounts owed to Group undertakings	4,023,198	3,069,157
Corporation tax	434,602	1,039,171
Other taxation and social security	34,993	30,910
Pension creditor	-	4,967
Other creditors	28,517	315
Accruals and deferred income	2,037,858	1,692,207
	<u>6,719,380</u>	<u>6,300,168</u>

Amounts owed to Group undertakings are unsecured, interest free and are repayable on demand. Security has been taken on the assets of the company against a £75,000,000 bank loan taken out by Theo Bidco Limited, due for repayment in 2024.

More 2 Life Ltd

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

15 Provision for other liabilities

The company had the following provisions for the year:

	Loan sale premium
At 1 January 2018	-
Additional provision	272,116
Amounts utilised	-
At 31 December 2018	<u>272,116</u>

Under Mortgage Purchase Agreements between More 2 Life Ltd and Funders, there are scenarios which create a liability for More 2 Life Ltd. The Company tracks historical voluntary redemptions and business volumes to arrive at an estimation of the potential loan sale premium liability.

16 Deferred taxation

	£
At 1 January 2018	6,410
Charge for the year	5,569
At 31 December 2018	<u>11,979</u>
<i>Deferred taxation</i>	
	2018 £
	2017 £
Accelerated capital allowances	11,979
Short-term timing differences	5,566 844
	<u>11,979</u> <u>6,410</u>

17 Called up share capital

Issued and fully paid

	2018 £	2017 £
100 (2017: 100) ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

More 2 Life Ltd

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

18 Related Party Transactions

During the year the company had marketing recharges of £7,193, staff costs of £21,344 and subscription recharges of £3,144 with Primetime Retirement Group Limited, another group company. At the year-end, this resulted in a net credit balance of £5,207 (2017: debit £5,800), which is included within creditors. Primetime Retirement Group Limited is 79% owned within the Group.

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

19 Ultimate parent company

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

Theo Topco Limited is the parent of the smallest and largest group of which the Company is a member and for which consolidated financial statements are prepared. Copies of the consolidated financial statements can be obtained from Baines House, Midgery Court, Fulwood, Preston, PR2 9ZH.

There is no ultimate controlling party by virtue of a majority shareholding of Theo Topco Limited, although Partners Group have de facto control of the Group due to the constraints imposed on the Group and executive directors through the investment agreement.