Registered number: 5390268

MORE 2 LIFE LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

MORE 2 LIFE LTD

COMPANY INFORMATION

Directors	David Harris Simon Thompson Robert Scott Lukas Bucher Andrew Deakin Stephen Groves David Young
Registered number	5390268
Registered office	Baines House Midgery Court Fulwood Preston Lancashire PR2 9ZH
Independent auditors	PricewaterhouseCoopers LLP No 1 Spinningfields Hardman Square Manchester M3 3EB

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their strategic report for the year ended 31 December 2019.

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 11, shows a profit before tax of £28.6m (2018: £22.0m). The net assets of the Company were £37.7m (2018: £34.8m). An interim dividend of £24.7m (2018: nil) was paid.

This performance is against a backdrop of no growth in the equity release market of £3.9bn (2018: £3.9bn, source: Equity Release Council) partially due to market uncertainty and lack of customer confidence driven by Brexit. Notwithstanding, turnover increased to £56.6m (2018: £44.2m) as the benefits of substantial incremental funding came through, as a result of an increase in existing funder appetite, widened distribution and a competitive product set. The Company originated nearly £0.9bn (2018: £0.7bn) of lending volume, taking the Company's market share from 17% to 22%.

The administration service provided to lifetime mortgage providers continue to show strong growth with the portfolio growing to £3.1bn at the year end (2018: £2.2bn) driven by organic growth from new origination.

The Directors believe that Operating Profit Before Amortisation, Depreciation and Exceptionals provides a good measure of the profitability of the Company. The results using this measure were £29.7m (2018: £22.6m) as noted on page 2, while the EBITDA after exceptional items of £29.2m compares to the 2018 result of £22.4m.

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

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER2019

Strategy and Business environment

Our capital expenditure investment in IT systems is enabling us to gain market insight, enabling funders to be price competitive which in turn results in better products for customers in terms of both pricing and features.

Over the last year we have begun offering white label products to a number of providers including other members of the Key Group family. This offering supports the marketing and customer offer of our adviser partners (which they are responsible for) and we believe increases the attractiveness of our product to consumers.

We have also begun providing direct API links to a number of industry sourcing tools to permit advisers to obtain a KFI relating to their search at the click of a button rather than needing to log into our adviser portal and re-enter the data.

These new initiatives together with our investment in enhanced broker support we believe will position us well to consolidate our market position as the second largest equity release lender.

The recent Covid-19 pandemic has been a challenging time for the entire industry, with face to face contact no longer possible in many cases. During this period, the Company was the first to move to remote valuations while all our funders continued to support the equity release market.

Once the lockdown was eased and physical valuations were possible (in an appropriately safe manner) we worked closely with our surveyor partner to get the valuations performed and offers made to customers who had been waiting.

Overall demand for our products has reduced somewhat during this period, with the 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.

The challenges of working in the lockdown have largely been met with the vast majority of colleagues able to work from home, however completing mortgage issuance safely does take longer and will therefore delay the recognition of the revenue associated with these cases.

Trading Metrics	2019	2018	
Operating Profit Before Amortisation, Depreciation and Exceptionals	£29.7m	£22.6m	Operating Profit Before Amortisation, Depreciation and Exceptionals is considered by the Board to be the core measure of underlying performance for the Company.
Cost / Income Ratio	47.6%	49.8%	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	42	41	All complaints are tracked and investigated by the Compliance function. The level of upheld complaints received by the Company is minimal.
Complaints Upheld	11	11	

Stakeholder Considerations and s172 of the Companies Act 2006

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.

As a Board we have identified customers, shareholders, employees and suppliers as the stakeholder groups potentially most affected by our decisions. 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.

In the context 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.

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 Directors are responsible for the financial risk management process and ensuring that the Company has sufficient capital to meet its regulatory responsibilities. Suitable policies and procedures have been adopted 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 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 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.

Credit risk is not considered to be a material risk to the Company.

The risks associated with the Covid-19 pandemic were not considered during 2019 but are being managed through the activation of the Group business continuity plan. Further details of the issues and actions taken are included as part of the Strategy and Business Environment discussion above.

Going Concern

The Board of Directors have determined that it is appropriate to continue to prepare the Group financial statements on a going concern basis. The Company is part of Theo Topco Ltd Group.

In reaching this conclusion, the Board considered the increased uncertainties that all businesses are facing as a result of the coronavirus pandemic and the impact on the Theo Topco Group of the actions being taken by the UK Government to mitigate the health impact on the country. Specific uncertainties relating to the Group were also assessed including the likelihood of falls in house prices affecting funder appetite for equity release, reductions in customer demand as well as the ability to process customer lifetime mortgages in a timely fashion in the event of further lockdowns.

In making this assessment, the Group produced a revised three year plan including the likely trading performance of the Group, reflecting the most likely impact on the business of the coronavirus measures based on trading conditions seen during the start of the lockdown period.

This plan was further updated, focusing on the next 18 months, and reflecting the trading performance seen during the UK wide lockdown and the improved trading conditions as this was eased. This latest forecast shows substantial headroom against all the Group loan covenants as well as significant cash generation.

In considering the robustness of this plan to unforeseen downside shocks, the Group sensitized this latest forecast, assuming that customer demand rather than increasing as the latest trading figures suggested instead reduced by 25% and that the Groups ability to complete cases in a timely manner also reduced by 15% despite the significant improvements being seen in this area post lockdown. The Directors believe that this scenario is the realistic worst case for the business, given its business model. Even in this realistic worst case scenario, the Group continued to have headroom against all its loan covenants and remained cash generative.

Additionally, in the event of this realistic worst case scenario occurring, the Group identified a number of further actions that could be taken swiftly such as reducing discretionary spend on marketing, investment in IT development and reducing discretionary bonuses.

The Company is an Obligor under the Group Senior Facility Agreement, which governs the £75m senior loan and £5m revolving credit facility (undrawn at year end but fully drawn in March 2020). This means that the Company has given security over its assets and, in conjunction with the rest of the Group and is responsible for maintaining compliance with its covenants.

In considering the Company position, the Board of Directors have also assessed the accessibility of this Company to Group funding if required and no issues were identified.

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 continues to advance with its growth plans. However, the Covid-19 pandemic has meant that while our investment plans are continuing, the growth projected as a result of these plans is likely to take longer to emerge. During these difficult times, it is important to continue to support our adviser partners and make it as easy as possible for them to access product information and get updates on how cases are progressing. The Company continues to enhance its broker support functions and is investing in technology to improve the broker experience.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER2019

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

Rob Scott

R Scott
Director

Date: 29 July 2020

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

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 profit for the year, after taxation, amounted to £27.6m *(2018 - £19.7m)*.

Interim dividends of £24.7m (2018 - £nil) 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 were in office during the year and up to the date of signing the financial statements were:

David Harris
Simon Thompson
Robert Scott
Lukas Bucher
Andrew Deakin
Stephen Groves
David Young

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Directors' responsibilities statement

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

Company law requires the directors to prepare for each financial year. Under that law the directors have elected to prepare the in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the 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 , the directors are required to:

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

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

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

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

Rob Scott

R Scott
Director

Date: 29 July 2020

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 2019 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 Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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.

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.

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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MORE 2 LIFE LTD (CONTINUED)

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 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 7, 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.

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
29 July 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	*2018* *£000*
Turnover	4	56,606	*44,231*
Cost of sales		(14,168)	*(12,439)*
Gross profit		42,438	*31,792*
Administrative expenses		(13,875)	*(9,767)*
Operating profit before amortisation, depreciation & exceptionals		29,660	*22,579*
Amortisation, depreciation and loss on disposal		(599)	*(383)*
Exceptional administrative expenses		(498)	*(171)*
Operating profit		28,563	*22,025*
Finance Income	9	17	*2*
Profit before tax		28,580	*22,027*
Tax on profit	10	(996)	*(2,308)*
Profit for the financial year		27,584	*19,719*

There was no other comprehensive income for 2019 (2018:£nil).

The notes on pages 14 to 28 form part of these financial statements.

The results stated above are all derived from continuing operations.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note		2019 £000		*2018 £000*
Fixed assets					
Intangible assets	11		**2,920**		*1,499*
Tangible assets	12		**67**		-
			2,987		*1,499*
Current assets					
Debtors	14	**29,469**		*29,848*	
Cash at bank and in hand		**8,541**		*10,430*	
		38,010		*40,278*	
Creditors: amounts falling due within one year	15	**(3,100)**		*(6,719)*	
Net current assets			**34,910**		*33,559*
Total assets less current liabilities			**37,897**		*35,058*
Provisions for liabilities					
Other Provisions	16	**(228)**		*(273)*	
			(228)		*(273)*
Net assets			**37,669**		*34,785*
Called up share capital	18		**-**		-
Profit and loss account			**37,669**		*34,785*
Total Equity			**37,669**		*34,785*

The financial statements on pages 11 to 28 were approved and authorised for issue by the board and were signed on its behalf by:

Rob Scott

R Scott
Director

Date: 29 July 2020

The notes on pages 14 to 28 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Retained Earnings	Total equity
	£000	£000	£000
At 1 January 2018	-	15,066	15,066
Comprehensive income			
Profit and total comprehensive income for the year	-	19,719	19,719
At 31 December 2018	-	34,785	34,785
Comprehensive income			
Profit and total comprehensive income for the year	-	27,584	27,584
Dividends: paid	-	(24,700)	(24,700)
At 31 December 2019	-	37,669	37,669

The notes on pages 14 to 28 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

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. These financial statements are prepared on a going concern basis, under historic cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

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 judgment 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 had adequate resources to continue to prepare the Company financial statements on a going concern basis. 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.

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 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(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);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A

This information is included in the consolidated financial statements of Theo Topco Limited as at 31 December 2019 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.

2. Accounting policies (continued)

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 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 completion of the arrangement. Servicing fees are recognised on a monthly basis in line with contractual arrangements.

2.5 Cost of sales

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

2.6 Exceptional expenses

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

2.7 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 line within the Creditors note under the Pension Creditor line item.

2.8 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.

2.9 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.

2. Accounting policies (continued)

2.10 Dividends

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

2.11 Tangible fixed assets

Tangible fixed assets under the cost model 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Fixtures, fittings and Equipment	-	5 years
Computer hardware	-	5 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2. Accounting policies (continued)

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount

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 costs of testers and resource seconded to test is acceptable, secondary costs such as the cost of general project management cannot be capitalised.

The estimated useful lives range as follows:

Computer Software	-	5	years

Amortisation is included in administrative expenses in the Statement of Comprehensive Income.

2.13 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.

2.14 Reserves

The Company's reserves are as follows:

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

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2. Accounting policies (continued)

2.16 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.

2.17 Cash at Bank

The Company holds cash within designated client trust accounts which it does not recognise on the Statement of Financial Position as at the year end.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

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 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

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

5. Employees

The aggregate payroll costs of persons employed by the Company, excluding the directors, were as follows:

	2019 £000	*2018* *£000*
Wages and salaries	3,141	*2,167*
Social security costs	291	*212*
Other pension costs	110	*62*
	3,542	*2,441*

The average monthly number of persons employed by the Company, excluding the directors, during the year was as follows:

	2019 No.	*2018* *No.*
Management	8	*8*
Administration Staff	75	*49*
Sales Staff	19	*16*
	102	*73*

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 in the financial statements of Key Group Bidco Limited.

6. Directors' remuneration

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

7. Operating profit

The operating profit is stated after charging:

	2019	*2018*
	£000	*£000*
Amortisation	595	*383*
Depreciation	4	-
Exceptional expenses	498	*171*

More 2 Life Ltd is approved by the Equity Release Council (formally the Safe Home Income Plans (SHIP) Group) and as such has incurred £80k (2018: £65k) in related costs. Exceptional expenses are one off administrative costs relating to marketing rebrand activity.

8. 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 £36k (2018: £25k). No (2018: No) non-audit services were provided in the financial period.

9. Finance Income

	2019	*2018*
	£000	*£000*
Bank interest receivable	17	*2*
	17	*2*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Tax on Profit

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	1,451	2,352
Adjustments in respect of previous periods	(458)	(38)
	993	2,314
Total current tax	993	2,314
Deferred tax		
Origination and reversal of timing differences	14	3
Adjustments in respect of prior periods	(11)	(8)
Movement in deferred tax provision	3	(6)
Tax on Profit	996	2,308

10. Tax on Profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2018 - lower than)* the standard rate of corporation tax in the UK of 19% *(2018 - 19%)*. The differences are explained below:

	2019 £000	*2018* *£000*
Profit before tax	**28,580**	*22,027*
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**5,430**	*4,185*
Effects of:		
Adjustments to tax charge in respect of prior periods	**(459)**	*(46)*
Adjustments to tax charge in respect of prior periods - deferred tax	**(11)**	-
Expenses and reliefs not deductable for tax purposes	**12**	*8*
Adjust deferred tax to average rate of 19%	**(2)**	-
Group relief claimed	**(3,978)**	*(1,839)*
Total tax charge for the year	**996**	*2,308*

Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. However, it is possible that the corporation tax rate remains at 19% after 1 April 2020.

11. Intangible assets

	Computer Software £000
Cost	
At 1 January 2019	**4,267**
Additions	**2,016**
Transfers between classes	**94**
At 31 December 2019	**6,377**
Accumulated Amortisation	
At 1 January 2019	**2,769**
Charge for the year	**595**
Transfers between classes	**94**
At 31 December 2019	**3,457**
Net book value	
At 31 December 2019	**2,920**
At 31 December 2018	*1,499*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Tangible assets

	Fixtures, Fittings and Equipment £000	Computer Hardware £000	Total £000
Cost or valuation			
At 1 January 2019	2	101	103
Additions	-	71	71
Transfers between classes	-	(94)	(94)
At 31 December 2019	2	78	80
Depreciation			
At 1 January 2019	2	101	103
Charge for the year on owned assets	-	4	4
Transfers between classes	-	(94)	(94)
At 31 December 2019	2	11	13
Net book value			
At 31 December 2019	-	67	67
At 31 December 2018	-	-	-

13. Investments

	Investments £000
Net book value	
At 31 December 2019	-
At 31 December 2018	-

13. Investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Subsidiary undertaking	Country of incorporation	Principal activity	Class of shares	Holding
More 2 Life SPV 1 Limited	England & Wales	Dormant	Ordinary	100%

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

14. Debtors

	2019 £000	*2018 £000*
Trade Debtors	**539**	*526*
Amounts owed by Group Undertakings	**26,476**	*28717*
Other Debtors	**1,183**	*298*
Prepayments and accrued income	**297**	*295*
Corporation tax debtor	**965**	-
Deferred tax debtor	**9**	*12*
	29,649	29,848

All amounts shown under debtors fall due for payment within one year. Amounts owed by undertakings are unsecured, interest free and are repayable on demand. Other debtors has primarily increased due to the timing of receipts in relation to survey fees and solicitor fees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

15. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	585	160
Amounts owed to group undertakings	-	4,023
Corporation tax	-	435
Other taxation and social security	31	35
Other creditors	59	28
Accruals and deferred income	2,412	2,038
Pension creditor	13	-
	3,100	6,719

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 £75m senior loan and £5m revolving credit facility (undrawn at year end but fully drawn in March 2020). This means that the Company has given security over its assets and, in conjunction with the rest of the Group, is responsible for maintaining compliance with its covenants. For further information on the terms of these facilities, please refer to the accounts of Theo Topco Ltd or Theo Midco Ltd.

16. Provision for other liabilities

The Company had the following provisions for the year:

	Loan sale premium £000
At 1 January 2019	273
Utilised in year	(44)
At 31 December 2019	228

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.

17. Deferred taxation

	2019
	£000
At beginning of year	12
Charged to profit or loss	(3)
At end of year	9

The deferred tax asset is made up as follows:

	2019	*2018*
	£000	*£000*
Accelerated capital allowances	7	*12*
Short term timing differences	2	-
	9	*12*

18. Called up share capital

	2019	*2018*
	£000	*£000*
Issued and fully paid		
100 *(2018 - 100)* Ordinary shares of £1.00 each	-	-

19. Dividends

	2019	*2018*
	£000	*£000*
Dividends paid	24,700	-
	24,700	-

20. Related Party transactions

During the year the company had marketing recharges of £nil (2018: £7k), staff costs of £nil (2018: £21k) and subscription recharges of £nil (2018: £3k) with Primetime Retirement Group Limited, another group company. At the year end, this resulted in a net £nil balance (2018: credit £5k). Primetime Retirement Group Limited was 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.

21. Post balance sheet events

The Covid-19 pandemic and the government actions to mitigate the spread of the disease are considered to be non-adjusting post balance sheet events, which do not provide more information about the conditions at the balance sheet date. The impact of these events on the Directors considerations around the going concern assumption are discussed in the Strategic Report.

22. Ultimate parent company

At 31 December 2019 the Company's immediate parent company was KRS Finance Limited and the Company's ultimate parent company was Theo Topco Limited

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

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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.