Registered Number: 5390268

MORE 2 LIFE LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

COMPANY INFORMATION

Directors	Lukas Bucher Andrew Deakin Stephen Groves David Harris Rob Scott (resigned 31 March 2021) Simon Thompson David Young
Registered number	5390268
Registered office	Baines House Midgery Court Fulwood Preston Lancashire PR2 9ZH
Independent auditors	**Pricewaterhouse Coopers LLP** Chartered Accountants and Statutory Auditors No 1 Spinningfields Hardman Square Manchester M3 3EB

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

Business Review

The Company is an equity release mortgage broker and its principal activity continues to be the administration of lifetime mortgage products. The funds for mortgage products are provided by a number of Funders. These are large insurance companies who provide the funds upon completion of a lifetime mortgage deal.

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 14, shows a profit before tax of £14,450k (2019: £28,580k). The net assets of the Company were £25,017k (2019: £37,669k). An interim dividend of £27,127k (2019: £24,700k) was paid.

This performance is against a backdrop of no growth in an equity release market of £3.9bn (2019: £3.9bn, source: Equity Release Council (ERC)) partially due to market uncertainty and lack of customer confidence driven by the Covid-19 pandemic. Notwithstanding, turnover increased to £69,664k (2019: £56,606k) as the benefits of incremental funding came through, as a result of an increase in funder appetite, widened distribution and a competitive product set. The Company originated £1.0bn (2019: £0.9bn) of lending volume, taking the Company's market share from 22% to 26%, as extrapolated from the ERC's market size data.

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

Additionally, at the start of the year, the marketing costs across the Group were restructured to be consolidated into one central division and are allocated to the relevant legal entity depending on the delivery of enquiries and appointments. This has resulted in an increased marketing cost allocation to the Company which accounts for the majority of the increase in administration costs during the year.

Our core administration service, the manufacturing and packaging of loans, provided to lifetime mortgage providers continues to show strong growth with the portfolio growing to £4.1bn at the year-end (2019: £3.1bn) driven by organic growth from new origination.

The Statutory Operating Profit for 2020 was £14,422k compared to £28,563k in 2019. 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 £15,409k (2019: £29,660k) as noted on page 2, while the EBITDA after exceptional items of £15,399k compares to the 2019 result of £29,162k.

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

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

Strategy and Business environment (continued)

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

The Covid-19 pandemic was a challenging time for the entire industry, with face to face contact not possible for a large portion of the year. During the early stages of the pandemic, the Company was one of the first to move to remote valuations whilst all our funders continued to support the equity release market.

At the start of H2, once the lockdown was eased and physical valuations were possible (in an appropriately safe manner) we worked closely with our surveyor partners to get the valuations performed and offers made to customers who had been waiting.

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

Since the onset of the pandemic in Q1, challenges have been experienced operationally particularly through the extraction of the pipeline. Both internal and external factors have impacted the completions process at various stages. Our operations teams worked tirelessly with our third parties to address these problems and delays; however, the reduced level of extraction has delayed the recognition of income, whilst largely maintaining the fixed cost base of the company.

Trading Metrics	**2020**	**2019**	
Turnover	£69,664k	£56,606k	Turnover is considered by the board to be a Key measure of the Company's future development plan to grow the business
Operating Profit Before Amortisation, Depreciation and Exceptionals	£15,409k	£29,660k	Operating Profit Before Amortisation, Depreciation and Exceptionals considered by the Board to be the core measure of underlying performance for the Company.
Cost / Income Ratio	77.9%	47.6%	Cost of sales and administrative expenses (excluding depreciation, amortisation & exceptional costs) as a percentage of turnover. Considered by the Board to be an indicator of the business's efficiency.
Profit/(Loss) after tax	£14,475k	£27,584k	Profit/(Loss) after tax is considered to be a vital indicator of business performance by the Board.
Complaints as a percentage of completed cases – M2L	0.49%	0.30%	All complaints are tracked and investigated by the Compliance function. The level of upheld complaints received by the Company is minimal.
Complaints Upheld	12	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.

The Company's response to the Covid-19 pandemic was to establish an internal Crisis Management Team (CMT) convening twice weekly and steered by Board members. Under the guidance of the CMT a number of

Stakeholder Considerations and s172 of the Companies Act 2006 (continued)

initiatives were introduced aimed at overcoming some of the challenges brought by the pandemic and ensuring that these changes had a positive effect on our stakeholders.

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

Customers

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

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

Employees

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

Shareholders

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

Funders

During 2020 we continued to work and engage closely with our funders. An example of this would be the adoption of remote valuations which was introduced during the year. We have sought the opinion of our funders on all our decision making where it was felt that the decision could have an impact on them. We continue to work closely with them in the development and pricing of new products in order to meet the needs and future ambitions of our customers. The opinion of the funders was vital in assessing the feasibility of various changes required as a result of Covid-19.

Stakeholder Considerations and s172 of the Companies Act 2006 (continued)

Lenders

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

Suppliers

The Company has agreed payment terms with each of its individual suppliers and recognises the importance of paying each of these suppliers within the agreed terms. A conscious decision has been taken by the Board to ensure that frequency of supplier payment runs is high and that suppliers are paid on a timely basis so as not to place any unnecessary cashflow strains on those suppliers.

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

Energy and Carbon Reporting

The Streamlined Energy and Carbon Reporting (SECR) has been disclosed within the Group accounts for Key Group which More 2 Life is a member of. The parent company for Key Group is Theo Topco Limited. The disclosure is not required for the company given the Group disclosure sufficiently covers all members within Key Group. Copies of the consolidated financial statements can be obtained from Baines House, Midgery Court, Fulwood, Preston, PR2 9ZH.

s172 of the Companies Act 2006

More 2 Life Limited are covered by the Group financial statements regarding the s.172 reporting required by the Companies Act 2006. The ultimate parent company for this Group is Theo Topco Limited

Principal risks, including financial risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. Compliance with regulation, legal and ethical standards is a high priority for the Company and the Compliance team and Finance department take on an important oversight role in this regard, with the Audit, Risk and Compliance Committee (ARCC) providing Group level oversight.

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

The Directors are responsible for the financial risk management process and ensuring that the 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. This risk was visible throughout the year as the majority of the workforce adapted to working from home and there remains uncertainty as to if and when a full return to office based working can or should be achieved. The Board is managing this uncertainty by ensuring that when available key systems and software are regularly updated to the latest versions available, as well as introducing data validation controls and checks.

Principal risks, including financial risks and uncertainties (continued)

- 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 Financial Conduct Authority (FCA); - The Board is aware that the regulator intends to closely examine the workings of the equity release market in 2021. In order to manage any uncertainty around this, the Company's dedicated compliance department will continue to monitor any regulatory changes in order to ensure compliance and implement any required changes within regulatory timeframes.

- Economic risk, which is the risk that changes in the economy, e.g. property prices, interest rate changes or government interventions such as the pension market reforms, impact market conditions and reduce the Company's ability to compete; Economic risk was also very apparent this year as the economic environment suffered a sharp downturn as a result of the Covid-19 pandemic. Uncertainty remains as to how quickly the economy will recover thereby allowing activity to return to pre Covid-19 levels. The Company is mitigating this uncertainty by ensuring that the business is operationally ready to take advantage of the expected increase in demand for our services as the UK begins to return to normal economic activity levels.

- Strategic risk, which relates to the pursuit of an inappropriate strategy or that the risks associated with its implementation are not fully recognised; The Company does not believe that there has been a significant increase in its Strategic risk during the year, however, it continues to monitor this area. The inherent uncertainty associated with Strategic risk is minimised by the industry and business expertise contained in the composition of the members of the Board. In addition to this the Company regularly seeks advice from a number of professional advisors.

- Liquidity risk, which concerns the Company's ability to meet its financial obligations as they fall due; This risk is monitored at a Group level per the Risk and Compliance Framework with oversight provided by the ARCC. Key focus is placed upon More 2 Life, given it is the largest cash generating unit within the Group. The Group held a healthy cash balance of £24.3m at the year end and as a result is able to manage its liquidity within required parameters. In order to manage future uncertainties regarding liquidity the Group regularly produces forecasts to ensure that Lender Covenants, which include liquidity requirements are being met and are forecast to be met in the future.

- Interest rate risk, which relates to the impact of increasing interest rates on the affordability of the Group debt package. Uncertainty regarding this risk is managed by the Group via the adoption of fixed rate, fixed term lending as well as hedging facilities to offset movement in variable lending.

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

Emerging Risks

The Company considers the following to be emerging risks:

- Cyber Security risk. The increasing reliance the business places on technology in order to maximise operational efficiencies does expose the Company to an emerging Cyber Security risk as cyber attacks become more sophisticated and complex. The Company has taken steps to mitigate much of this risk via the use of professional third parties, however, this is an area that will require close monitoring in the future.

Going Concern

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

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

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

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

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

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

The 1st quarter of 2021 has also seen some positive signs which have been included in the board's data points, and whilst these are only green shoots, the board assesses that consumer confidence is starting to emerge as customers start to plan for the future. In comparing the four months of 2021 to the first four months of 2020 the number of enquiries are starting to increase, whilst in 2020 they were starting to decline, and despite the lock-down for the first four months of 2021 the absolute number of enquires is only 10% below that of the 4 months of 2020 – the 1st quarter of 2020 not being subject to Covid-19 lock-down restrictions. The number of completions through More2Life are up 4.36% compared to the same period 2020.

Future developments

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

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

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

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

Simon Thompson

S Thompson
Director

[1] Source https://www.gov.uk/government/news/uk-house-price-index-for-january-2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

Matters covered in the strategic report

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

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

Results and dividends

The profit for the year, after taxation, amounted to £14,475k *(2019 - £27,584k)*.

Interim dividends of £27,127k (2019 - £24,700k) 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 and was in force during the financial year ended 31 December 2020 and also at the date of approval of the financial statements.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Lukas Bucher
Andrew Deakin
Stephen Groves
David Harris
Rob Scott (resigned 31 March 2021)
Simon Thompson
David Young

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

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the 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, 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Directors' confirmations

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

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

Employee involvement

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

Disabled employees

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

Branches outside the United Kingdom

The Company has no branches outside of the United Kingdom.

Independent Auditors

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

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

Simon Thompson

S Thompson
Director

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 2020 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, which comprise: statement of financial position as at 31 December 2020; statement of comprehensive income and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this 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.

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

H. Varley

Heather Varley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
22 June 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	*2019* *£000*
Turnover	4	**69,664**	*56,606*
Cost of sales		**(20,753)**	*(14,168)*
Gross profit		**48,911**	*42,438*
Administrative expenses		**(34,489)**	*(13,875)*
Operating profit		**14,422**	*28,563*
Finance Income	9	**28**	*17*
Profit before tax		**14,450**	*28,580*
Tax on profit	10	**25**	*(996)*
Profit for the financial year		**14,475**	*27,584*

The results stated above are all derived from continuing operations.

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

The notes on pages 17 to 32 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note		2020 £000		2019 £000
Fixed assets					
Intangible assets	11		**3,821**		*2,920*
Tangible assets	12		**51**		*67*
			3,872		*2,987*
Current assets					
Debtors	14	**9,885**		*29,469*	
Cash at bank and in hand	15	**14,047**		*8,541*	
		23,932		*38,010*	
Creditors: amounts falling due within one year	16	**(2,651)**		*(3,100)*	
Net current assets			**21,281**		*34,910*
Total assets less current liabilities			**25,153**		*37,897*
Provisions for liabilities					
Other Provisions	17	**(136)**		*(228)*	
			(136)		*(228)*
Net assets			**25,017**		*37,669*
Capital and reserves					
Called up share capital	19		**-**		-
Profit and loss account			**25,017**		*37,669*
Total Equity			**25,017**		*37,669*

The financial statements on pages 14 to 32 were approved and authorised for issue by the board on 22nd June 2021 and were signed on its behalf by:

Simon Thompson

S Thompson
Director

The notes on pages 17 to 32 form part of these financial statements.

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

	Called up share capital	Retained Earnings	Total equity
	£000	£000	£000
At 1 January 2019	-	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
Comprehensive income			
Profit and total comprehensive income for the year	-	14,475	14,475
Dividends: paid	-	(27,127)	(27,127)
At 31 December 2020	-	25,017	25,017

The notes on pages 17 to 32 form part of these financial statements.

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 2006. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic report. 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 has adequate resources to continue to prepare the Company financial statements on a going concern basis. This is supported by the Company's profit after tax in 2020 (£14,475k) and strong cash balance (£14,047k) at year end.

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

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

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

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

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

2. Accounting policies (continued)

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by 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 2020 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.

2.3 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 administrative expenses

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

2. Accounting policies (continued)

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.

2.10 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.

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

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.

2.12 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 resources 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. Accounting policies (continued)

2.14 Reserves

The Company's reserves are as follows:

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

2.15 Trade Debtors

Trade debtors are amounts due from funders and customers. If the collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are classified as non-current assets.

Trade Debtors are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using effective interest method, less any impairment.

2.16 Prepayments and accrued income

Prepayments relate to amounts paid in advance of benefits to be received. These are recognised at fair value.

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

2.17 Cash and cash equivalents

Cash and cash equivalents include cash held with banks.

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.

2.18 Trade Creditors

Creditors are obligations to pay for services acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less (in the normal operating cycle of the business, if longer). If not, classified as non-current liabilities.

Creditors are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.19 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.

2.20 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. Judgements 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:

	2020 **£000**	*2019* *£000*
Wages and salaries	**2,967**	*3,141*
Social security costs	**290**	*291*
Other pension costs	**84**	*110*
	3,341	*3,542*

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

	2020 **No.**	*2019* *No.*
Management	**9**	*8*
Administration Staff	**91**	*75*
Sales Staff	**-**	*19*
	100	*102*

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

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:

	2020 £000	*2019 £000*
Amortisation	963	*595*
Depreciation	14	*4*
Exceptional administrative expenses	10	*498*

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 £53k (2019: £36k). No non-audit services were provided during the current or prior year.

9. Finance Income

	2020 £000	*2019 £000*
Bank interest receivable	28	*17*
	28	*17*

10. Tax on Profit

	2020 £000	*2019 £000*
Corporation tax		
Current tax on profits for the year	-	*1,451*
Adjustments in respect of previous periods	(25)	*(458)*
	(25)	*993*
Total current tax	(25)	*993*
Deferred tax		
Origination and reversal of timing differences	-	*14*
Adjustments in respect of prior periods	-	*(11)*
Movement in deferred tax provision	-	*3*
Tax on Profit	(25)	*996*

10. Tax on Profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2019 - lower than)* the standard rate of corporation tax in the UK of 19% *(2019 - 19%)*. The differences are explained below:

	2020 £000	*2019 £000*
Profit before tax	**14,450**	*28,580*
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**2,746**	*5,430*
Effects of:		
Adjustments to tax charge in respect of prior periods	**(26)**	*(459)*
Adjustments to tax charge in respect of prior periods - deferred tax	**-**	*(11)*
Expenses and reliefs not deductible for tax purposes	**11**	*12*
Rate change	**(1)**	*-*
Adjust deferred tax to average rate of 19%	**-**	*(2)*
Group relief claimed	**(2,755)**	*(3,978)*
Total tax charge for the year	**(25)**	*996*

Tax rate changes

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

11. Intangible assets

	Computer Software £000
Cost	
At 1 January 2020	**6,377**
Additions	**1,874**
Disposals	**(10)**
Adjustment	**151**
At 31 December 2020	**8,392**
Accumulated Amortisation	
At 1 January 2020	**3,457**
Charge for the year	**963**
Adjustment	**151**
At 31 December 2020	**4,571**
Net book value	
At 31 December 2020	**3,821**
At 31 December 2019	*2,920*

12. Tangible assets

	Fixtures, Fittings and Equipment £000	Computer Hardware £000	Total £000
Cost or valuation			
At 1 January 2020	2	78	80
Adjustment	-	(2)	(2)
At 31 December 2020	2	76	78
Accumulated Depreciation			
At 1 January 2020	2	11	13
Charge for the year on owned assets	-	14	14
At 31 December 2020	2	25	27
Net book value			
At 31 December 2020	-	51	51
At 31 December 2019	*-*	*67*	*67*

13. Investments

	Investments £000
Net book value	
At 31 December 2020	-
At 31 December 2019	-

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

	2020 £000	*2019 £000*
Trade debtors	**788**	*539*
Amounts owed by group undertakings	**6,551**	*26,476*
Other debtors	**691**	*1,183*
Corporation tax debtor	**1,292**	*965*
Deferred tax debtor	**9**	*9*
Prepayments and accrued income	**554**	*297*
	9,885	*29,469*

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. Other debtors has primarily decreased due to the timing of receipts in relation to survey fees and solicitor fees.

15. Cash and cash equivalents

	2020 £000	*2019 £000*
Cash at bank and in hand	**14,047**	*8,541*
	14,047	*8,541*

16. Creditors: Amounts falling due within one year

	2020 £000	*2019 £000*
Trade creditors	**855**	*585*
Taxation and social security	**1**	*31*
Other creditors	**19**	*59*
Pension creditor	**-**	*13*
Accruals and deferred income	**1,776**	*2,412*
	2,651	*3,100*

Amounts owed to Group undertakings are unsecured, interest free and are repayable on demand. The Company is an Obligor under the Group Senior Facility Agreement, which governs the £73,900k senior loan and £5,000k revolving credit facility (fully drawn at year end). This means that the Company has given security over its assets and, in conjunction with the rest of the Group, is responsible for maintaining compliance with its covenants. For further information on the terms of these facilities, please refer to the financial statements of Theo Topco Limited or Theo Midco Limited.

17. Other provisions

The Company had the following provisions for the year:

	Loan sale premium £000
At 1 January 2020	**228**
Utilised in year	**(92)**
At 31 December 2020	**136**

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.

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

18. Deferred taxation

	2020 £000
At beginning of year	9
Adjustments in respect of prior years	-
At end of year	9

The deferred tax asset is made up as follows:

	2020 £000	*2019 £000*
Accelerated capital allowances	7	*7*
Short term timing differences	2	*2*
	9	*9*

19. Called up share capital

	2020 £000	*2019 £000*
Issued and fully paid		
100 *(2019 - 100)* Ordinary shares of £1.00 each	-	*-*

20. Dividends

	2020 £000	*2019 £000*
Dividends paid	27,127	*24,700*
	27,127	*24,700*

21. Related Party transactions

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

22. Ultimate parent company

At 31 December 2020 the Company's immediate parent company was KRS Finance Limited and the Company's ultimate parent company was Theo Topco Limited

Theo Midco Limited is the parent 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.

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

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