

Registered number: 6473775

KRS SERVICES LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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KRS SERVICES LIMITED

COMPANY INFORMATION

Directors Simon Drew (appointed 1 April 2021)
Simon Thompson

Registered number 6473775

Registered office Baines House
Midgery Court
Pittman Way
Fulwood
Preston
PR2 9ZH

KRS SERVICES LIMITED

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KRS SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the year ended 31 December 2021. References to 'Group' throughout the Annual report and financial statements relate to the ultimate parent of the Company being Theo Topco Limited and its group of subsidiaries.

Business review

The Company's principal activities are that of a service company providing support functions for other companies within the Key Retirement Group.

The longer term trends supporting the lifetime mortgage sector remains strong. The population continues to age, house price wealth is continuing to increase and pension savings are likely to be inadequate for many. Over the coming year, the Group has plans to continue to launch its new business proposition and broaden its range of later life lending products to help even more customers lead the life they want to lead in later life.

Results and dividends

The statutory results for the Company show an initial operating loss of £11k. The directors do not propose the payment of a dividend. The net assets of the Company were £1,285k.

Going concern

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Company has adequate resources for a period of at least 12 months from the date of signing the financial statements. For further details see note 2.1.

Directors

The directors who served during the year and up until the date of signing the financial statements were:

Simon Drew (appointed 1 April 2021)
Robert Scott (resigned 31 March 2021)
Simon Thompson

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 period ended 31 December 2021 and also at the date of approval of the financial statements.

Small company exemptions

In preparing this report, the Directors have taken advantage of the small companies exemptions provided within Part 15 of the Companies Act 2006. This includes the exemption from presenting a Strategic report and select Directors' report disclosures.

Financial risk management

The financial risk management and policies of the Company are consistent with those of the Group. For further details, see note 19 of the Theo Topco Limited Annual report and financial statements for the year ended 31 December 2021, which does not form part of this report.

KRS SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the Group and are not managed separately. The principal risks and uncertainties of the Group, which includes those of the Company, are disclosed in the Theo Topco Limited Annual report and financial statements for the year ended 31 December 2021, which does not form part of this report.

Existence of branches outside of the United Kingdom

The Company has no branches outside of the United Kingdom.

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' 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.

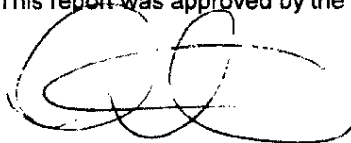
In preparing these financial statements, the Directors are required to:

- 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 United Kingdom Accounting Standards, comprising FRS 101 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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

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



S Drew
Director

Date: 17 August 2022

KRS SERVICES LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
Turnover		8,733	17,544
Administrative expenses		(8,744)	(19,377)
Operating loss	4	(11)	(1,833)
Interest payable and similar expenses	6	(124)	(131)
Loss before tax		(135)	(1,964)
Tax on loss	7	(75)	(18)
Loss for the financial year		(210)	(1,982)

KRS SERVICES LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Intangible Assets	8		3,987		3,121
Tangible assets	9		1,180		1,316
Right-of-use asset	10		2,012		2,232
			<u>7,179</u>		<u>6,669</u>
Current assets					
Trade and other receivables: amounts falling due within one year	11	2,719		1,262	
Cash and cash equivalents	12	79		-	
		<u>2,798</u>		<u>1,262</u>	
Trade and other payables: Amounts Falling Due Within One Year	13	(6,349)		(3,993)	
Net current liabilities			<u>(3,551)</u>		<u>(2,731)</u>
Total assets less current liabilities			<u>3,628</u>		<u>3,938</u>
Trade and other payables: amounts falling due after more than one year	14		(2,073)		(2,274)
Provisions for liabilities					
Deferred tax	15	(269)		(168)	
			<u>(269)</u>		<u>(168)</u>
Net assets			<u>1,286</u>		<u>1,496</u>
Capital and reserves					
Called up share capital	17		5,500		5,500
Accumulated losses			(4,214)		(4,004)
			<u>1,286</u>		<u>1,496</u>

The Directors consider that the Company is entitled to exemption from audit under section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

KRS SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 3 to 27 were approved and authorised for issue by the board and were signed on its behalf by:



S Drew
Director

Date: 17 August 2022
Company number: 6473775

KRS SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 January 2020	-	(2,022)	(2,022)
Expense for the year			
Loss for the financial year	-	(1,982)	(1,982)
Shares issued during the year	5,500	-	5,500
At 1 January 2021	<u>5,500</u>	<u>(4,004)</u>	<u>1,496</u>
Loss for the financial year	-	(210)	(210)
At 31 December 2021	<u>5,500</u>	<u>(4,214)</u>	<u>1,286</u>

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

KRS Services Limited is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006. The Company is domiciled in the United Kingdom and the address of its 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.

2. Accounting policies

2.1 Basis of preparation of financial statements

The company financial statements have been prepared for the first time in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' in conformity with the requirements of the Companies Act 2006. The results for the comparative period have been restated on the same basis.

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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

Going concern

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Company has adequate resources for a period of at least 12 months from the date of signing the financial statements. This assessment has considered the Company's relationship with its Group and its position as obligor under Group's loan agreement. There were no material uncertainties to disclose.

The Company has obtained a letter of support from its intermediate parent undertaking Theo Midco Limited that confirms financial support will be provided where required, for the foreseeable future and at least twelve months from the date of signing the financial statements and it will not demand repayment of any amounts currently outstanding.

The Directors' assessment of the Company's ability to continue as a going concern considered a number of qualitative factors and considered the Group's budget cash flow and covenant projections (which include the Company), and the modelling of a number of severe downside scenarios and the impact of these on Group liquidity and its financial covenants.

At the 31 December 2021, the Group had a robust financial position providing it with sufficient access to liquidity, through a combination of cash and committed facilities, to meet its needs over at least the next 12 months. In addition to this, the Group is forecast to remain strongly cash generative over this period providing a further source of liquidity. At the 31 December 2021, the Group had comfortable headroom on its covenant basis net debt leverage ratio (Net debt/adjusted EBITDA) of x1.1 and its covenant basis interest cover ratio (Adjusted cash flow/bank loan interest) of x5.0. The extreme scenarios modelled demonstrate sufficient liquidity and financial covenant headroom being available.

Whilst not a key factor in the Director's going concern assessment, the Group and Company do also have a number of significant potential mitigations at their disposal to improve both short-term liquidity and financial covenant performance should the need arise, such as (but not limited to) reducing marketing spend, scaling back recruitment and certain salary costs, reducing capital expenditure and the ability to refinance the Group senior facilities.

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.2 Adoption of new and revised standards

In preparing its first FRS 101 financial statements, a first time adopter applies those standards and interpretations that are effective as at the first annual FRS 101 reporting date. Generally these are applied consistently at the date of transition to FRS 101 to fully restate on a retrospective basis the opening statement of financial position, and in each of the periods presented in the first FRS 101 financial statements, subject to a number of exceptions. The adoption of FRS 101 has had no impact on the reported numbers in the company financial statements.

There are no new standards, interpretations and amendments, effective for the year ended 31 December 2021, that are relevant to the Company.

2.3 Financial reporting standard 101 - reduced disclosure exemptions

Where applicable, the company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 6 and 21 of IFRS 1 First-time adoption of International Financial Reporting Standards to present an opening statement of financial position at the date of transition
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a) (iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.4 Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled from contracts with customers and excludes amounts collected on behalf of third parties, value added tax and any cashback provided. The Company recognises revenue when it satisfies the performance obligations within the contract which is when it transfers control of a product or service to a customer. The Company does not adjust its consideration for the time value of money as settlement is typically shortly after the satisfaction of the performance obligation.

Revenue represents management charges for services provided to fellow Group companies for the period covered by the financial statements.

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

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.5 Pension costs

Contributions to the Company's defined contribution pension scheme are charged to the Income Statement in the year in which they become payable. The assets of the scheme are held separately in an independently administered fund.

2.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balance are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of the underlying deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.7 Right-of-use assets

Right-of-use assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical costs includes the initial amount of the lease liability and any initial direct costs incurred. Also included are the costs of lease payments made, less any lease incentives received, at or before the commencement date.

Subsequent to initial measurement, the right-of-use asset is also adjusted for certain remeasurements of the associated lease liability, details of which are provided in note 2.13.

Depreciation is charged on a straight line basis so as to allocate the cost of assets over the lease term or their useful economic life if shorter.

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 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.

Amortisation is calculated, using the straight line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives.

Amortisation is provided on the following bases:

Customer lists	-	20 % per annum straight line
Computer software	-	20 % per annum straight line

Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use it
- there is an ability to use the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs where appropriate. Capitalised development costs are amortised from the point at which the asset is ready for use.

2.9 Property, plant and equipment

Property, plant and equipment 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.

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.9 Property, plant and equipment (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.

Depreciation is provided on the following basis:

Fixtures, fittings and equipment	-	20% per annum straight line
Computer hardware	-	20% per annum straight line
Tenant Improvements	-	10% per annum straight line or the remaining lease term, whichever is shorter

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 Income Statement.

2.10 Trade and other receivables

Trade and other receivables are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost.

A provision for impairment of trade receivables is recognised based on lifetime expected credit losses at each reporting date.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash-in-hand, cash-at-bank, bank overdrafts and deposits readily convertible to known amounts of cash and that have an original maturity of three months or less. In the statement of financial position, bank overdrafts that do not have right of offset are presented within current liabilities.

2.12 Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are measured subsequently at amortised cost.

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.13 Lease Liabilities

For leases where the company is a lessee, the company recognises a right-of-use asset and a lease liability at the commencement date of the lease.

Lease liabilities are initially measured at the present value of the lease payments due during the lease term but that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed payments and applicable variable lease payments (which depend on an index or a rate). The lease term includes periods covered by extension and break options if the Company is reasonably certain to extend the lease or to not exercise the break.

The discount rates applied in the measurement of the lease liabilities represent the Company's incremental borrowing rates. The incremental borrowing rates are determined through a build up approach, starting with a risk-free rate specific to the term and economic environment of the lease, adjusted for both the credit risk of the lessee and other characteristics of the lease (for example the quality of the underlying assets). The inputs used to determine the rates are regularly reassessed, based on historical experience and other factors which the Directors believe to be reasonable.

Each lease payment is allocated between the capital repayment of the liability and the finance cost element. The finance cost is charged to the Statement of comprehensive income over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. In the Statement of cash flows the finance cost element is reported within interest paid and the capital repayment of the liability is reported within Repayment of lease obligations.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index, rate or a lease modification. When extension or break options are exercised (or not exercised) in a way inconsistent with the prior assessments of those options, or if those assessments are changed, then lease liabilities will also be remeasured.

The Company has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months (short-term leases) or less and lease contracts for which the underlying asset is of low value (low value leases). Lease payments on short-term leases and those on low value leases are recognised as an expense in the income statement on a straight-line basis over the lease term.

2.14 Reserves

The Company's reserves are as follows:

- Share capital reserve represents the nominal value of the shares issued.
- Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. Critical judgements and estimations

Certain reported amounts of assets and liabilities are subject to estimates and assumptions. Estimate 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.

The following section details the estimates and judgements management believes to have the most significant impact on annual results under FRS 101.

Judgements

Impairment of tangible assets

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

Impairment of intangible assets

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

4. Operating loss

The operating loss is stated after charging:

	2021 £000	2020 £000
Depreciation	471	431
Amortisation	977	427
Impairment of intangible assets	134	-

5. Employees

Staff costs were as follows:

	2021 £000	2020 £000
Wages and salaries	1,624	7,897
Social security costs	159	1,018
Other pension costs	71	331
	<u>1,854</u>	<u>9,246</u>

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

	2021 £000	2020 £000
Central Services	41	154
Product Manufacturing	1	43
	<u>42</u>	<u>197</u>

The Directors are Directors of a number of fellow subsidiaries and as such, it is not feasible to make an accurate apportionment of their emoluments in respect to each of these subsidiaries. Accordingly, the above disclosure includes no emoluments in respect to these directors however their total emoluments are included in the aggregate of Key management personnel emoluments in the financial statements of the Ultimate parent undertaking, Theo Topco Limited.

6. Interest payable and similar expenses

	2021 £000	2020 £000
Finance leases	124	131
	<u>124</u>	<u>131</u>

7. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	(26)	-
	<u>(26)</u>	<u>-</u>
Total current tax	<u>(26)</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	66	18
Adjustments in respect of previous periods	35	-
Total deferred tax	<u>101</u>	<u>18</u>
Taxation on profit on ordinary activities	<u>75</u>	<u>18</u>

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%) as set out below:

	2021 £000	2020 £000
Profit/(loss) on ordinary activities before tax	(135)	(1,964)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(26)	(373)
Effects of:		
Capital allowances for year in excess of depreciation	36	2
Expenses and reliefs not deductible for tax purposes	-	14
Group relief surrendered/(claimed)	-	357
Effect of change in tax rate	-	18
Temporary differences	65	-
Total tax charge for the year	75	18

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Intangible assets

	Customer lists £000	Computer software £000	Total £000
Cost			
At 1 January 2021	250	3,460	3,710
Additions	-	1,977	1,977
At 31 December 2021	<u>250</u>	<u>5,437</u>	<u>5,687</u>
Amortisation			
At 1 January 2021	17	572	589
Charge for the year	50	927	977
Impairment charge	-	134	134
At 31 December 2021	<u>67</u>	<u>1,633</u>	<u>1,700</u>
Net book value			
At 31 December 2021	<u>183</u>	<u>3,804</u>	<u>3,987</u>
At 31 December 2020	<u>233</u>	<u>2,888</u>	<u>3,121</u>

The Company has performed its annual assessment of its amortisation policies and asset lives and deemed them to be appropriate.

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Property, plant and equipment

	Tenant improvements £000	Computer hardware £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At 1 January 2021	937	709	21	1,667
Additions	-	115	-	115
At 31 December 2021	<u>937</u>	<u>824</u>	<u>21</u>	<u>1,782</u>
Accumulated Depreciation				
At 1 January 2021	151	198	2	351
Charge for the year	95	154	2	251
At 31 December 2021	<u>246</u>	<u>352</u>	<u>4</u>	<u>602</u>
Net book value				
At 31 December 2021	<u>691</u>	<u>472</u>	<u>17</u>	<u>1,180</u>
At 31 December 2020	<u>786</u>	<u>511</u>	<u>19</u>	<u>1,316</u>

The Company has performed its annual assessment of its depreciation policies and asset lives and deemed them to be appropriate.

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Right-of-use assets

	Property £000
Cost or valuation	
At 1 January 2021	2,452
At 31 December 2021	<u>2,452</u>
Accumulated depreciation	
At 1 January 2021	220
Charge for the period	220
At 31 December 2021	<u>440</u>
Net book value	
At 31 December 2021	<u><u>2,012</u></u>
At 31 December 2020	<u><u>2,232</u></u>

11. Trade and other receivables: amounts falling due within one year

	2021 £000	2020 £000
Trade debtors	-	9
Amounts owed by group undertakings	2,282	50
Other receivables	40	-
Prepayments and accrued income	397	1,203
	<u>2,719</u>	<u>1,262</u>

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

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	79	-
	<u>79</u>	<u>-</u>

13. Trade and other payables: amounts falling due within one year

	2021 £000	2020 £000
Bank overdrafts	-	1
Trade payables	73	364
Overdraft	-	33
Amounts owed to group undertakings	5,370	1,234
Other taxation and social security	-	13
Lease liabilities	232	193
Accruals and deferred income	674	2,155
	<u>6,349</u>	<u>3,993</u>

Amounts owed to Group undertakings are unsecured, interest free and are repayable on demand.

14. Trade and other payables: Amounts falling due after more than one year

	2021 £000	2020 £000
Lease liabilities	2,073	2,274
	<u>2,073</u>	<u>2,274</u>

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Deferred taxation

	2021 £000
At beginning of year	(168)
Charged to profit or loss	(101)
At end of year	(269)

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	(243)	(138)
Other taxable temporary differences	(43)	(32)
PPE & Intangible assets	17	-
Short-term timing differences	-	2
	(269)	(168)

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Leases

Company as a lessee

Lease liabilities relate to property, car parks and office equipment (see note 10). Property leases typically include rent review terms that require rents to be adjusted on a periodic basis, following market rent increase.

The interest expense on lease liabilities is shown in note 6. The depreciation expense for leased assets during the year is shown in note 4.

The table below summarises the maturity profile of the Company's lease liabilities on contractual, undiscounted payments.

	2021 £000	2020 £000
Not later than on year	314	285
Between one and two years	413	314
Between two and three years	472	413
Between three and four years	472	472
Between four and five years	472	472
More than five years	590	1,062
	<u>2,733</u>	<u>3,018</u>

17. Called up share capital

	2021 £000	2020 £000
Issued and fully paid		
5,500,002 (2020 - 5,500,002) Ordinary shares shares of £1.000 each	<u>5,500</u>	<u>5,500</u>

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Ultimate parent company

At 31 December 2021 the Company's immediate parent company was KRS Finance Limited and the Company's ultimate parent company was Theo Topco Limited.

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

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

KRS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19. Adoption of Financial Reporting Standard 101

The Company financial statements have been prepared for the first time in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' in conformity with the requirements of the Companies Act 2006. The results for the comparative periods have been restated on the same basis, with the date of transition being 1 January 2020.

The main areas of impact of adopting FRS 101 are summarised below:

Leases

The Company has lease contracts where it is lessee for property and equipment. Under FRS 102, leases in which substantially all the risks and rewards of ownership were retained by the lessor are classified as operating leases, otherwise they are classified as finance leases. On transition to FRS 101, the Company only had operating leases. Rental costs on operating leases were expensed in the Income statement and there was no recognition of the associated assets or liabilities in the Statement of financial position. The Company does not have any lease contracts where it acts as a lessor.

Under IFRS 16, the Company has recognised a right-of-use asset and a lease liability in relation to these leases, in its Statement of financial position. The Income statement includes depreciation in relation to the right-of-use assets and a finance charge in relation to the lease liabilities.

On transition to FRS 101, the Company has adopted the modified retrospective approach permitted by the standard in which both the right-of-use assets and lease liabilities were based on the present value of future lease payments at the 1 January 2020 using the appropriate discount rate as at that date. The weighted average incremental borrowing rate applied to lease liabilities at the date of transition was 5.1%. Following the date of transition to FRS 101, lease liabilities and right-of-use assets for new leases are based on the appropriate discount rate at the date the new contract is entered into.

As part of the Company's adoption of FRS 101 an exercise was undertaken to assess whether contracts contain leases as defined by the standard. This has resulted in no changes to the population of contracts identified previously as leases under FRS 102.

The Company has applied the recognition exemptions permitted by IFRS 16 in relation to short-term leases and low value leases.

In the year ended 31 December 2020, there was a £32k tax charge in relation to deferred tax on the transitional adjustment to FRS 101 in that year.

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. Adoption of Financial Reporting Standard 101 (continued)

Reconciliation of Statement of financial position at 1 January 2020

	FRS 102 £'000	Leases £'000	FRS 101 £'000
Fixed assets			
Intangible assets	643	-	643
Tangible assets	1,255	-	1,255
Right-of-use assets	-	2,452	2,452
	<u>1,898</u>	<u>2,452</u>	<u>4,350</u>
Current assets			
Trade and other receivables: amounts falling due within one year	1,024	(47)	977
	<u>1,024</u>	<u>(47)</u>	<u>977</u>
Trade and other payables: amounts falling due within one year	(4,794)	32	(4,762)
	<u>(4,794)</u>	<u>32</u>	<u>(4,762)</u>
Net current assets	<u>(3,770)</u>	<u>(15)</u>	<u>(3,785)</u>
Total assets less current liabilities	<u>(1,872)</u>	<u>2,437</u>	<u>565</u>
Trade and other payables: amounts falling due after more than one year	-	(2,437)	(2,437)
Provisions for liabilities			
Deferred tax	(150)	-	(150)
	<u>(150)</u>	<u>(2,437)</u>	<u>(2,587)</u>
Net assets	<u>(2,022)</u>	<u>-</u>	<u>(2,022)</u>
Capital and reserves			
Called up share capital	-	-	-
Accumulated losses	(2,022)	-	(2,022)
Total equity	<u>(2,022)</u>	<u>-</u>	<u>(2,022)</u>

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. Adoption of Financial Reporting Standard 101 (continued)

Reconciliation of Statement of financial position at 31 December 2020

	FRS102 £'000	Leases £'000	IFRS £'000
Fixed assets			
Intangible assets	3,121	-	3,121
Tangible assets	1,316	-	1,316
Right-of-use assets	-	2,232	2,232
	<u>4,437</u>	<u>2,232</u>	<u>6,669</u>
Current assets			
Trade and other receivables: amounts falling due within one year	1,333	(71)	1,262
	<u>1,333</u>	<u>(71)</u>	<u>1,262</u>
Trade and other payables: amounts falling due within one year	(4,276)	283	(3,993)
	<u>(4,276)</u>	<u>283</u>	<u>(3,993)</u>
Net current assets	<u>(2,943)</u>	<u>212</u>	<u>(2,731)</u>
Total assets less current liabilities	<u>1,494</u>	<u>2,444</u>	<u>3,938</u>
Trade and other payables: amounts falling due after more than one year	-	(2,274)	(2,274)
Provisions for liabilities			
Deferred tax	(136)	(32)	(168)
	<u>(136)</u>	<u>(2,306)</u>	<u>(2,442)</u>
Net assets	<u>1,358</u>	<u>138</u>	<u>1,496</u>
Capital and reserves			
Share capital	5,500	-	5,500
Accumulated losses	(4,142)	138	(4,004)
Total equity	<u>1,358</u>	<u>138</u>	<u>1,496</u>

KRS SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. Adoption of Financial Reporting Standard 101 (continued)

Reconciliation of Income statement at 31 December 2020

	FRS102 £'000	Leases £'000	IFRS £'000
Revenue	17,544	-	17,544
Administrative expenses	(19,678)	301	(19,377)
Operating loss	(2,134)	301	(1,833)
Finance costs	-	(131)	(131)
Loss before tax	(2,134)	170	(1,964)
Tax	14	(32)	(18)
Loss after tax	(2,120)	138	(1,982)