

Registration number: 02884568

Equity Release Council

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 December 2021

Hargreaves Brown & Benson
Chartered Accountants and Statutory Auditor
1 Bond Street
Colne
Lancashire
BB8 9DG

Equity Release Council

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Equity Release Council

Company Information

Chairman	Mr D J B Burrowes
Chief executive	Mr J W Boyd
Directors	Mr D B Baines Mr P T Barber Mrs C L Barker Mrs D B Bathgate Mr P Carter Mr T I Evans Mr W Hale Mr D M Harris Ms V A Owen Mr C R Pond Mr P J T Turner
Registered office	The Old Rectory Church Lane Thornby Northamptonshire NN6 8SN
Auditors	Hargreaves Brown & Benson Chartered Accountants and Statutory Auditor 1 Bond Street Colne Lancashire BB8 9DG

Equity Release Council

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.

Directors of the company

The directors who held office during the year were as follows:

Mr D B Baines

Mr P T Barber

Mrs C L Barker

Mrs D B Bathgate

Mr J W Boyd - Chief executive

Mr D J B Burrowes - Chairman

Mr M J Burton (ceased 16 February 2022)

Mr P Carter

Mr T I Evans

Mr W Hale

Mr D M Harris

Mr G R Neilson (ceased 11 October 2021)

Ms V A Owen

Mr C R Pond

Mrs C T Singleton (ceased 25 February 2022)

Mr P J T Turner

Principal activity

The principal activity of the company is to act as a non-profit making trade association and to promote good practice and plan-holder protection in respect of home income financial products.

Disclosure of information to the auditors

Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Small companies provision statement

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board on 24 March 2022 and signed on its behalf by:

.....
Mr D J B Burrowes
Chairman

Equity Release Council

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Equity Release Council

Independent Auditor's Report to the Members of Equity Release Council

Opinion

We have audited the financial statements of Equity Release Council (the 'company') for the year ended 31 December 2021, which comprise the Profit and Loss Account and Statement of Retained Earnings, Statement Financial Position, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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 original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Equity Release Council

Independent Auditor's Report to the Members of Equity Release Council

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 3], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

Equity Release Council

Independent Auditor's Report to the Members of Equity Release Council

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:

The engagement partner ensured that the engagement team collectively had appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant; The Financial Reporting Standard FRS 102 1A, the United Kingdom Companies Act 2006 and relevant United Kingdom taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement disclosures.

We understood how the company is complying with those laws and regulations through discussions with directors and other company management and from our knowledge and experience of the sector in which the company operates.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur by making enquiries of management as to where they considered there was susceptibility to fraud and their knowledge of actual, suspected and alleged fraud. We considered the internal controls in place which would mitigate the risk of fraud and non-compliance with laws and regulations.

We addressed the risk of fraud and misstatement arising through management bias and override of internal controls by performing analytical procedures to identify any unusual or unexpected relationships and testing journal entries in the accounting records to identify any unusual transactions. We assessed the judgements and assumptions made in the determination of significant accounting estimates with particular focus on potential management bias.

In response to the risk of irregularities and non-compliance with laws and regulations we adopted procedures which included, but not limited to, agreeing the disclosures in the financial statements to underlying records and, where appropriate, supporting documentation; enquiring of management as to actual or potential litigation claims; and reviewing transactions with the company's legal and professional advisor's. We also reviewed the correspondence with HM Revenue & Customs with regards to the taxation disclosures made by the company.

There are inherent limitations in our audit procedure described in the above. The more removed that laws and regulations are from financial transactions, the less likely we are to be able to identify material non-compliance. Auditing Standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that are due to fraud can be more difficult to detect than those which arise from other errors as they may involve deliberate concealment or collusion.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Equity Release Council

Independent Auditor's Report to the Members of Equity Release Council

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Equity Release Council

Independent Auditor's Report to the Members of Equity Release Council

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Steven Wood FCA (Senior Statutory Auditor)
For and on behalf of Hargreaves Brown & Benson, Statutory Auditor

1 Bond Street
Colne
Lancashire
BB8 9DG

24 March 2022

Equity Release Council

Profit and Loss Account and Statement of Retained Earnings for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Revenue		1,367,900	1,265,656
Administrative expenses		<u>(1,344,424)</u>	<u>(1,201,384)</u>
Operating surplus		<u>23,476</u>	<u>64,272</u>
Other interest receivable and similar income		<u>(546)</u>	<u>1,414</u>
		<u>(546)</u>	<u>1,414</u>
Surplus before tax	4	22,930	65,686
Taxation	5	<u>104</u>	<u>(269)</u>
Surplus for the financial year		23,034	65,417
Retained earnings brought forward		<u>343,980</u>	<u>278,563</u>
Retained earnings carried forward		<u><u>367,014</u></u>	<u><u>343,980</u></u>

The notes on pages 11 to 16 form an integral part of these financial statements.

Equity Release Council

(Registration number: 02884568)

Statement Financial Position as at 31 December 2021

	Note	2021 £	2020 £
Non Current Assets			
Intangible assets	6	37,800	56,400
Tangible assets	7	<u>8,326</u>	<u>9,377</u>
		<u>46,126</u>	<u>65,777</u>
Current assets			
Debtors	8	46,467	72,775
Cash at bank and in hand		<u>1,396,711</u>	<u>800,002</u>
		1,443,178	872,777
Creditors: Amounts falling due within one year	9	<u>(1,122,290)</u>	<u>(594,574)</u>
Net current assets		<u>320,888</u>	<u>278,203</u>
Net assets		<u>367,014</u>	<u>343,980</u>
Equity			
Profit and loss account		<u>367,014</u>	<u>343,980</u>
Total equity		<u>367,014</u>	<u>343,980</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 24 March 2022 and signed on its behalf by:

.....
Mr D J B Burrowes
Chairman

Equity Release Council

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The company is a company limited by guarantee, incorporated in England and Wales.

The address of its registered office is:

The Old Rectory
Church Lane
Thornby
Northamptonshire
NN6 8SN

These financial statements were authorised for issue by the Board on 24 March 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Revenue recognition

Turnover, which is derived entirely from members, represents subscriptions and contributions towards specific expenses.

Subscriptions are recognised in relation to the accounting period to which they relate, any balances being treated as either accrued or deferred income.

Contributions towards expenses are recognised when the costs to be reimbursed are incurred.

The Company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the Company's activities.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 in the countries where the company operates and generates taxable income.

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Notes to the Financial Statements for the Year Ended 31 December 2021

Tangible assets

Tangible assets are stated in the statement financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Office equipment	25% on cost

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Website development	Over 4 years

Amortisation of the website development expenditure commences at the stage of completion.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Receivables

Receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Equity Release Council

Notes to the Financial Statements for the Year Ended 31 December 2021

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Recognition and measurement

Basic financial instruments, including receivables, cash and bank balances and payables are initially recognised at the transaction price, unless the arrangement is a financing transaction, where the transaction is measured at the present value of future receipts, or payments, discounted at a market rate of interest. Such assets are carried at amortised cost using the effective interest method.

Impairment

At the end of each accounting period financial instruments are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's effective interest rate. The impairment loss is recognised in profit or loss.

Current versus non-current classification

Financial instruments are classified as current if there is no unconditional right, at the end of the reporting period, to defer settlement of the financial instrument for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year was 9 (2020 - 6).

4 Profit before tax

Arrived at after charging/(crediting)

	2021	2020
	£	£
Depreciation expense	3,023	1,675
Amortisation expense	18,600	9,000

Equity Release Council

Notes to the Financial Statements for the Year Ended 31 December 2021

5 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	<u>(104)</u>	<u>269</u>

6 Intangible assets

	Website development £	Total £
Cost or valuation		
At 1 January 2021	<u>74,400</u>	<u>74,400</u>
At 31 December 2021	<u>74,400</u>	<u>74,400</u>
Amortisation		
At 1 January 2021	18,000	18,000
Amortisation charge	<u>18,600</u>	<u>18,600</u>
At 31 December 2021	<u>36,600</u>	<u>36,600</u>
Carrying amount		
At 31 December 2021	<u>37,800</u>	<u>37,800</u>
At 31 December 2020	<u>56,400</u>	<u>56,400</u>

Equity Release Council

Notes to the Financial Statements for the Year Ended 31 December 2021

7 Tangible assets

	Furniture, fittings and equipment £	Total £
Cost or valuation		
At 1 January 2021	16,028	16,028
Additions	1,972	1,972
Disposals	<u>(4,248)</u>	<u>(4,248)</u>
At 31 December 2021	<u>13,752</u>	<u>13,752</u>
Depreciation		
At 1 January 2021	6,651	6,651
Charge for the year	3,023	3,023
Eliminated on disposal	<u>(4,248)</u>	<u>(4,248)</u>
At 31 December 2021	<u>5,426</u>	<u>5,426</u>
Carrying amount		
At 31 December 2021	<u>8,326</u>	<u>8,326</u>
At 31 December 2020	<u>9,377</u>	<u>9,377</u>

8 Receivables only

	2021 £	2020 £
Receivables	30,131	61,377
Prepayments	16,213	10,476
Other receivables	<u>123</u>	<u>922</u>
	<u>46,467</u>	<u>72,775</u>

Equity Release Council

Notes to the Financial Statements for the Year Ended 31 December 2021

9 Creditors

Creditors: amounts falling due within one year

	2021 £	2020 £
Due within one year		
Payables	48,942	25,611
Taxation and social security	19,308	37,860
Other creditors	1,054,040	531,103
	<u>1,122,290</u>	<u>594,574</u>

10 Company status

The company is a private company limited by guarantee and consequently does not have share capital. The liability of each member, of which there were 1,552 at 31 December 2021, is limited to £1. In the event of liquidation any surplus shall be transferred to a charitable institution having the same objects.

11 Related party transactions

Key management compensation

	2021 £	2020 £
Salaries and other short term employee benefits	<u>353,802</u>	<u>347,073</u>