PG DORMANT (No 6) LIMITED

Company Registration Number: 165018

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2018

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Directors' report

The Directors present their Report and Financial Statements of PG Dormant (No 6) Limited ("the Company") for the year ended 31 December 2018.

The Company is incorporated in the United Kingdom. Its registration number is 165018 and its registered office is 1, Wythall Green Way, Wythall, Birmingham B47 6WG.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") as they apply to the financial statements of the Company for the year ended 31 December 2018, and applied in accordance with the Companies Act 2006.

Change of name
With effect from 10 November 2017, the Company changed its name from Bradford Insurance Company Limited to Phoenix Wealth Services Limited. Subsequently, the Company changed its name from Phoenix Wealth Services Limited to PG Dormant (No 6) Limited with effect from 8 December 2017.

Business review

Principal activities
The Company has not traded during the year.

Result and dividends
There was no comprehensive income for the year ended 31 December 2018 (2017: £nil) and the Directors do not recommend the payment of a dividend (2017: £nil).

Principal risks and uncertainties
The main risk facing the Company is credit risk, arising from counterparty default.

Key Performance Indicators ("KPIs")
As the Company is dormant and has not traded during the year, the Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Directors
The names of those individuals who served as Directors of the Company during the year or who held office as at the date of signature of this report are as follows:

A Moss
R Sheriff

Secretary
Pearl Group Secretariat Services Limited acted as Secretary throughout the year.

Disclosure of Indemnity
Qualifying third party indemnity arrangements (as defined in section 234 of the Companies Act 2006) were in force for the benefit of the Directors of the Company during the year and remain in place at the date of approval of this report.

Auditor
The financial statements have not been audited as the Company is entitled to the exemption provided by section 480 of the Companies Act 2006 relating to dormant companies and no notice under section 476(1) has been deposited at the Company's registered office requiring the Company to obtain an audit of the financial statements.

On behalf of the Board

K McDermott
For and on behalf of Pearl Group Secretariat Services Limited
Company Secretary

16 September 2019

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the Company financial statements ("the financial statements") in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare those statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). Under company law, the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial performance, financial position and cash flows of the Company for the accounting period. A fair presentation of the financial statements in accordance with IFRS requires the Directors to:

- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with applicable IFRS, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of financial position
as at 31 December 2018

	Notes	As at 31 December 2018 £000	As at 31 December 2017 £000
Equity attributable to owners			
Share capital	4	-	-
Retained earnings		8	8
Total equity		8	8
Current liabilities			
Other payables	5	63	63
Total liabilities		63	63
Total equity and liabilities		71	71
Current assets			
Other receivables	6	71	71
Total assets		71	71

For the year ended 31 December 2018 the Company is entitled to exemption under section 480 of the Companies Act 2006 ("the Act") relating to dormant companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act (which permits 10% of members to make such a request).

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

On behalf of the Board

R Sheriff
Director

16 September 2019

Notes to the financial statements

1. Accounting policies

(a) Basis of preparation
The financial statements have been prepared on a historical cost basis.

The Directors do not consider the Company to be a going concern as there is an intention to liquidate and that the financial statements as prepared are not materially different from those prepared on a break-up basis.

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") as they apply to the financial statements of the Company for the year ended 31 December 2018, and applied in accordance with the Companies Act 2006.

The financial statements are presented in sterling (£) rounded to the nearest £000 except where otherwise stated.

Assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

(b) Changes to accounting policies
In the current year, the Company has applied IFRS 9 – Financial Instruments which replaces IAS39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. IFRS 9 introduces new requirements that are applicable to this Company for the classification, measurement and impairment of financial assets. The key change is the introduction of a new impairment model that is based on expected loss (rather than incurred loss as per IAS 39). The above changes have been incorporated in the financial assets accounting policy (see note (d) below).

In accordance with the transitional provisions in IFRS 9, the standard has been applied prospectively and comparative figures have not been restated. As a result, the comparative information continues to be accounted for in accordance with the Company's previous accounting policy under IAS 39. Any adjustments arising from the new impairment requirements are therefore not reflected in the comparative statement of financial position as at 31 December 2017, but would be recognised in opening retained earnings as at 1 January 2018.

Reclassifications of financial assets on adoption of IFRS 9 and reconciliation of impairment allowance balance from IAS 39 to IFRS 9

On the date of initial application, there have been no changes to the Company's classification, measurement and impairment of financial assets under both IAS 39 and IFRS 9. Accordingly, no adjustment is required to retained earnings at 1 January 2018.

(c) Critical accounting estimates and judgements
The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The area that the directors consider particularly susceptible to changes in estimates and assumptions are detailed below:

Impairment of financial assets
The impairment provisions for financial assets disclosed in note (d) are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history and existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see note (d).

(d) Financial assets

Classification of Financial assets

Policy applicable before 1 January 2018

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. Subsequent to initial recognition, these investments are carried at amortised cost, using the effective interest method.

Policy applicable from 1 January 2018

Financial assets are measured at amortised cost where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These financial assets are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the financial asset. All transaction costs directly attributable to the acquisition are also included in the cost of the financial asset. Subsequent to initial recognition, these financial assets are carried at amortised cost, using the effective interest method.

Financial assets measured at amortised cost are included in note 6.

Impairment of financial assets

Policy applicable before 1 January 2018

The Company assesses at each period end whether a financial asset or group of financial assets held at amortised cost is impaired. The Company first assesses whether objective evidence of impairment exists for financial assets. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

Policy applicable from 1 January 2018

The Company assesses expected credit losses associated with its other receivables carried at amortised cost. The impairment methodology depends upon whether there has been a significant increase in credit risk.

The Company measures loss allowances which have low credit risk using the 12-month Expected Credit Loss (ECL). A simplified approach is used to determine the loss allowances for other receivables as these are always measured at an amount equal to lifetime ECLs. See note 7 for detail of how the Company assesses whether the credit risk of a financial asset has increased since initial recognition and when estimating ECLs.
The loss allowance reduces the carrying value of the financial asset and is reassessed at each reporting date. ECLs are recognised using a provision for doubtful debts account in profit and loss. For other receivables, the ECL rate is recalculated each reporting period taking into account which counterparties are included in the reporting period.

ECLs are derived from probability-weighted estimates of expected loss, and are measured as follows:

- 12-month ECLs – Total expected credit losses that result from default events that are possible within 12 months after the reporting date.
- Lifetime ECLs – Expected credit losses that result from all possible default events over the expected life of the financial asset.

No significant changes to estimation techniques or assumptions were made during the reporting period.

(e) Share capital

The Company has issued an ordinary share which is classified as equity.

2. Financial information

The financial statements for the year ended 31 December 2018, set out on pages 4 to 9, were authorised by the Board of Directors for issue on 16 September 2019. The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted for use by the European Union ("IFRSs").

There have been no transactions during the current or prior year and therefore no statement of comprehensive income and no statement of changes in equity have been prepared.

The Company held no cash balances during the current or prior year and accordingly no statement of cash flows has been prepared.

In preparing the financial statements the Company has adopted the following standards, interpretations and amendments which have been issued by the International Accounting Standards Board ("IASB") and have been adopted for use by the EU. None of the following have a material effect on the results of the Company.

- IFRS 9 Financial Instruments (2018). Under IFRS 9, all financial assets are measured either at amortised cost or fair value and the basis of classification depends on the business model and the contractual cash flow characteristics of the financial assets. In relation to the impairment of the financial assets, IFRS 9 requires the use of the expected credit loss model, as opposed to the incurred credit loss model required under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Details of impacts of applying the new standard can be found in accounting policy (b). Additional disclosures are required by the standard and have been included in accounting policy (c) & (d) and note 7 to the financial statements.

3. Directors' remuneration

The Directors are employed by another Group Company. The Directors received no remuneration in respect of their services to the Company (2017: £nil).

4. Share capital

	2018 £	2017 £
Issued and fully paid: 1 (2017: 1) ordinary share of £1	1	1

The Company's Articles of Association contain a restriction on the number of shares that may be allotted.

The holder of the ordinary share is entitled to one vote per share on matters to be voted on by owners and to receive such dividends, if any, as may be declared by the Board of Directors in its discretion out of legally available profits.

5. Other payables

	2018 £000	2017 £000
Amounts due to group undertakings	63	63
Amount due for settlement after 12 months	-	-

6. Other receivables

	2018 £000	2017 £000
Loan due from group undertakings	71	71
Amount recoverable after 12 months	-	-

The carrying amount of other receivables approximates to their fair values.

7. Risk management

The Phoenix Group, of which the Company is a member, applies a consistent methodology for the identification, assessment, management and reporting of risk that includes a high level framework for the management of key risks within each business unit.

The principal risk and uncertainty facing the Company is:

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. These obligations can relate to both recognised and unrecognised assets and liabilities.

Credit risk management practices
The Company's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising ECL**
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12 month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL (not credit impaired)
In default	There is evidence indicating the asset is credit-impaired	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The table below details the credit risk quality of the Company's financial assets, as well as the Company's maximum exposure to credit risk by credit risk rating grades:

Financial assets	**Note**	**External credit rating**	**Internal credit rating**	**ECL recognition**	**Gross carrying amount (£000)**	**Loss Allowance**	**Net carrying amount (£000)**
Other receivables	6	N/A	Performing	12 month ECL	71	-	71

The Company considers reasonable and supportable information that is relevant and available without undue cost or effort to assess whether there has been a significant increase in risk since initial recognition. This includes quantitative and qualitative information and also, forward-looking analysis.

Intercompany receivables – The credit risk from activities undertaken in the normal course of business is considered to be extremely low risk. The Company assesses whether there has been a significant increase in credit risk since initial recognition by assessing past credit impairments, history of defaults and the long term stability of the Phoenix Group.

The Company writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

8. Related party transactions

Amounts due to related parties

	2018	2017
	£000	£000
Amounts due to group undertakings	63	63

Amounts due from related parties

	2018	2017
	£000	£000
Loan due from group undertakings	71	71

Key management compensation
The compensation payable to employees classified as key management, which comprises the Directors, is disclosed in note 3.

During the year to 31 December 2018, key management, which comprises the Directors and other family members, had no transactions with the Company.

Parent and ultimate parent entity
Information on the Company's parent and ultimate parent is given in note 9.

9. Other information

The Company's principal place of business is the United Kingdom. The Company's immediate parent is Pearl Life Holdings Limited, and its ultimate parent is Phoenix Group Holdings plc, a company incorporated in England and Wales. A copy of the financial statements of Phoenix Group Holdings plc can be obtained from the Company Secretary, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU or www.thephoenixgroup.com.