

# PHOENIX LIFE INSURANCE SERVICES LIMITED

Company Registration Number 2680269

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DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
for the year ended 31 December 2011

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## PHOENIX LIFE INSURANCE SERVICES LIMITED

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## **Directors' report**

The Directors present their Report and the Financial Statements of Phoenix Life Insurance Services Limited ("the Company") for the year ended 31 December 2011

The Company is incorporated in the United Kingdom as a private limited company. Its registration number is 2680269 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")

## **Business Review**

### ***Principal activities***

The Company has not traded in the previous or current year and has therefore received no income nor incurred any expenditure, hence no statement of comprehensive income has been presented

The Company has no employees

### ***Strategy***

The strategy of the Phoenix Group, of which the Company is a member, is to be recognised as the best and most innovative manager of closed life assurance funds to improve returns for policyholders and deliver value for owners

### ***Result and dividends***

As the Company has not traded during the year, the profit before tax was £nil (2010: £nil)

No dividends were paid during the year (2010: £nil)

### ***Principal risks and uncertainties***

The Phoenix Group 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 Directors have reviewed the principal risks facing the Company and these are considered to be minimal

### ***Key Performance Indicators ("KPIs")***

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

### ***Going concern***

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements

## **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 Kassimiotis  
A Moss

## **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

## **Disclosure of information to auditors**

So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware, and each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006

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PHOENIX LIFE INSURANCE SERVICES LIMITED

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**Re-appointment of auditors**

In accordance with section 487 of the Companies Act 2006, the Company's auditors, Ernst & Young LLP, will be deemed to have been re-appointed at the end of the period of 28 days following circulation of copies of these financial statements as no notice has been received from members pursuant to section 488 of the Companies Act 2006 prior to the end of the accounting reference period to which these financial statements relate

**By order of the Directors**



S Watts

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

13 June 2012

**Statement of Directors' responsibilities**

The Directors are required to prepare financial statements for each accounting period that comply with the relevant provisions of the Companies Act 2006 and International Financial Reporting Standards as adopted by the European Union ("IFRS"), and which present fairly the financial performance, financial position and cash flows of the Company at the end of the accounting period. A fair presentation of the financial statements in accordance with IFRS requires the Directors to

- select suitable accounting policies and verify they are applied consistently in preparing the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business,
- 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, and
- state that the Company has complied with applicable IFRSs, subject to any material departures disclosed and explained in the financial statements

The Directors are responsible for maintaining proper accounting records which are intended to disclose with reasonable accuracy at any time the financial position of the Company. They are also ultimately responsible for the systems of internal control maintained for safeguarding the assets of the Company and for the prevention and detection of fraud and other irregularities.

**Independent auditors' report to the members of Phoenix Life Insurance Services Limited**

We have audited the financial statements of Phoenix Life Insurance Services Limited for the year ended 31 December 2011 which comprise the statement of financial position, the statement of changes in equity and the related notes 1 to 7. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union ("IFRS")

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.

**Respective responsibilities of Directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its result for the year then ended,
- have been properly prepared in accordance with IFRS, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**


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

Benjamin Gregory (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

14 June 2012



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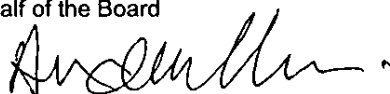
**PHOENIX LIFE INSURANCE SERVICES LIMITED**

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**Statement of financial position**  
as at 31 December 2011

		As at 31 December 2011 £000	As at 31 December 2010 £000
	Notes		
<b>Equity attributable to owners</b>			
Share capital	5	1	1
Capital contribution		2,290	2,290
Retained earnings		(2,291)	(2,291)
<b>Total equity</b>		<u>-</u>	<u>-</u>
<b>Total equity and liabilities</b>		<u>-</u>	<u>-</u>
<b>Total assets</b>		<u>-</u>	<u>-</u>

On behalf of the Board



**A Moss**  
Director  
13 June 2012

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**PHOENIX LIFE INSURANCE SERVICES LIMITED**

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**Statement of changes in equity**  
for the year ended 31 December 2011

	Share capital (note 5) £000	Capital contribution £000	Retained earnings £000	Total £000
<b>At 1 January 2011</b>	1	2,290	(2,291)	-
Profit for the year	-	-	-	-
<b>At 31 December 2011</b>	<u>1</u>	<u>2,290</u>	<u>(2,291)</u>	<u>-</u>

	Share capital (note 5) £000	Capital contribution £000	Retained earnings £000	Total £000
<b>At 1 January 2010</b>	1	2,290	(2,291)	-
Profit for the year	-	-	-	-
<b>At 31 December 2010</b>	<u>1</u>	<u>2,290</u>	<u>(2,291)</u>	<u>-</u>



## Notes to the financial statements

### 1 Accounting policies

#### (a) Basis of preparation

The financial statements have been prepared on a historical cost basis

#### *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS")

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

Financial assets and financial 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. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by an international financial reporting standard or interpretation, as specifically disclosed in the accounting policies of the Company

#### (b) Share capital and capital contributions

##### *Ordinary share capital*

The Company has issued ordinary shares which are classified as equity

##### *Capital contributions*

Capital contributions received by the Company and which contain no agreement for their repayment are recognised directly in the statement of changes in equity as a distributable reserve

#### (c) Events after the reporting period

The financial statements are adjusted to reflect significant events that have a material effect on the financial results and that have occurred between the period end and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the period end. Events that are indicative of conditions that arise after the period end that do not result in an adjustment to the financial statements are disclosed

### 2 Financial information

The financial statements for the year ended 31 December 2011, set out on pages 6 to 9, were authorised by the Board of Directors for issue on 13 June 2012. The financial statements have been prepared in accordance with IFRS

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 these have a material effect on the results of the Company

- IAS 32 Financial Instruments Presentation (Amendment)
- IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Annual improvements 2010

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for IFRS 9 Financial Instruments, which becomes mandatory for the Company's 2015 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined

### 3 Directors' remuneration

None of the Directors received any emoluments during the year in respect of their services as a Director of the Company (2010: £nil) and it is not practicable to apportion their emoluments as Directors of the Company versus those of other group companies. The Company has not been recharged any amount for the emoluments of these Directors (2010: £nil)

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## PHOENIX LIFE INSURANCE SERVICES LIMITED

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### 4 Auditors' remuneration

The remuneration of the auditors of the Company in respect of the audit of the financial statements was £1,000 (2010 £1,000). The fees payable to the Company's auditor for the audit of the Company's annual accounts are borne by its parent company. Details of the parent company are given in note 7 of the accounts.

### 5. Share capital

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

	2011 £000	2010 £000
Authorised 1,000 (2010 1,000) ordinary shares of £1 each	<u>1</u>	<u>1</u>
Issued and fully paid 1,000 (2010 1,000) ordinary shares of £1 each	<u>1</u>	<u>1</u>

### 6 Related party transactions

The Company has not entered into any related party transactions in the current or prior years.

#### *Parent and ultimate parent entity*

Information on the Company's parent and ultimate parent is given in note 7.

#### *Key management compensation*

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

### 7 Other information

The Company's principal place of business is the United Kingdom. The Company's immediate parent is Pearl Group Management Services Limited and its ultimate parent is Phoenix Group Holdings, a company incorporated in the Cayman Islands and resident in Jersey. A copy of the financial statements of Phoenix Group Holdings can be obtained from the Company Secretary, 1<sup>st</sup> Floor, 32 Commercial Street, St Helier, Jersey, JE2 3RU.