

Family PEP Managers Limited

Annual report and financial statements

Registered number 02934967

Year ended 31 December 2017



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Directors' report

The Directors present their report and audited financial statements for the year ended 31 December 2017.

Going concern

The parent company of Family PEP Managers Limited is Family Assurance Friendly Society Limited (FAFS). FAFS has prepared a business plan and has projected the future working capital requirements of the Group. Following assessment by the Board, the Directors have presented the financial statements on a going concern basis, supported by the assessment of the Group's forecast profitability and capital resilience over the period of at least 12 months from the date of approval of the financial statements. Consequently, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future.

Results and dividends

The loss for the year was £2,783 (2016: profit of £843). The Directors do not recommend the payment of a dividend in 2017 (2016: £nil).

Directors

The Directors who held office during the year and up to the date of signing were as follows:

S Markey	Chairman & Chief Executive
S T Nyahasha	Director
J Adams	Director
P Herz (appointed 13 April 2017)	Director
S Ferrari (appointed 13 April 2017)	Director

No Director had any interest in the shares of the Company as at 31 December 2017 or as at 31 December 2016.

Directors' remuneration

The Company is required to comply with the FCA Remuneration Code. The Directors of the Company are not remunerated directly by the Company, they are remunerated by the parent company, Family Assurance Friendly Society Limited. Details of the remuneration of the Directors can be found in note 8 to these accounts or can be provided to you on request to the Secretary of FAFS.

Provision of information to the auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

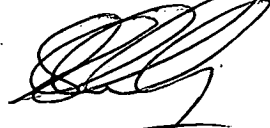

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing their report, and to establish that the Company's auditor is aware of that information.

Directors' report (continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board


S C Markey
Director

S T Nyahasha
Director

16-17 West Street
Brighton
East Sussex
BN1 2RL

25 April 2018

Statement of Directors' responsibilities in respect of the Directors' report and 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 elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the member of Family PEP Managers Limited

Opinion

We have audited the financial statements of Family PEP Managers Limited ("the Company") for the year ended 31 December 2017 which comprise the profit and loss account and other comprehensive income, statement of financial position and statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The Directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Independent auditor's report to the member of Family PEP Managers Limited (continued)

Directors' responsibilities

As explained more fully in their statement 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Andrew Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA

25 April 2018

**Profit and loss account and other comprehensive income
for the year ended 31 December 2017**

	Notes	2017 £	2016 £
Turnover	4	197,293	183,377
Administrative expenses		(200,854)	(185,896)
Loss before interest and taxation		(3,561)	(2,519)
Interest receivable	5	778	3,362
(Loss)/profit before taxation	6	(2,783)	843
Tax	7	-	-
(Loss)/profit for the financial year		(2,783)	843
Other comprehensive income		-	-
Total comprehensive income for the financial year		(2,783)	843

The notes on pages 9 to 15 form an integral part of the financial statements.

**Statement of financial position
as at 31 December 2017**

Registered No. 02934967

	Notes	2017 £	2016 £
Current assets			
Debtors	10	16,190	15,285
Cash at bank		1,068,286	1,140,728
		<u>1,084,476</u>	<u>1,156,013</u>
Creditors			
Amounts falling due within one year	11	(38,474)	(82,137)
Total assets less current liabilities		<u>1,046,002</u>	<u>1,073,876</u>
Provision for liabilities	12	(52,112)	(77,203)
Net assets		<u>993,890</u>	<u>996,673</u>
Capital and reserves			
Share capital	13	2	2
Capital reserve	13	5,600,000	5,600,000
Profit and loss account		(4,606,112)	(4,603,329)
Equity shareholder's funds		<u>993,890</u>	<u>996,673</u>

The notes on pages 9 to 15 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 25 April 2018 and signed on their behalf by:


S C Markey
Director


S T Nyahasha
Director

**Statement of changes in equity
as at 31 December 2017**

	Share capital £	Capital reserve £	Profit and loss account £	Total £
As at 1 January 2016	2	5,600,000	(4,604,172)	995,830
Total comprehensive income: Profit for the year	-	-	843	843
As at 31 December 2016	<u>2</u>	<u>5,600,000</u>	<u>(4,603,329)</u>	<u>996,673</u>
As at 1 January 2017	2	5,600,000	(4,603,329)	996,673
Total comprehensive income: Loss for the year	-	-	(2,783)	(2,783)
As at 31 December 2017	<u>2</u>	<u>5,600,000</u>	<u>(4,606,112)</u>	<u>993,890</u>

The notes on pages 9 to 15 form an integral part of the financial statements.

Notes to the financial statements

1 General information

Family PEP Managers Limited provides management services for ISAs sold as Personal Equity Plans (PEPs) prior to 5 April 1999.

Family PEP Managers Limited (FPML) is a Company limited by shares and incorporated in England and Wales and domiciled in the UK. The address of its registered office is 16-17 West Street, Brighton, BN1 2RL.

2 Statement of compliance

The individual financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 *"The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland"* ("FRS 102") as it applies to the financial statements for the year ended 31 December 2017.

3 Summary of significant accounting policies

The main 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.

a) Basis of preparation

These individual financial statements are prepared on a going concern basis, under the historical cost convention, as modified by certain financial assets and liabilities measured at fair value through profit or loss.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

b) Going concern

These individual financial statements have been prepared on a going concern basis, supported by an assessment of the Group's forecast profitability and capital resilience over the period of at least 12 months from the date of approval of the financial statements.

c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company's parent undertaking, Family Assurance Friendly Society Limited (the Society) includes the Company in its consolidated financial statements, which are available to the public by request to the address shown in note 15 or at www.onefamily.com/company-information/financial-reports. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of financial instrument disclosures and the presentation of the cash flow statement and related notes.

The Company has taken advantage of an exemption from FRS102.33.1A not to disclose transactions with Family Assurance Friendly Society Limited's group undertakings as they are fully controlled by the Society.

d) Revenue recognition

Fee income receivable in relation to the provision of administration services, including commissions and charges derived from the management of Individual Savings Accounts, is recognised when the services are provided, to the extent the amounts are considered recoverable.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

e) Interest

Interest receivable represents interest receivable on Company bank and deposit accounts and is recognised in profit or loss as it accrues.

f) Expenses

Expenses are recognised when they are incurred. Expenses include a service charge payable by the Company to the parent in respect of certain expenses.

g) Current tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws enacted or substantially enacted at the balance sheet date.

h) Deferred tax

Except as set out in FRS102, deferred tax is provided on timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax balances are not discounted.

i) Basic financial instruments

Financial assets

Basic financial assets, including amounts due from group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired an impairment loss is calculated, representing the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of ownership of the asset are transferred to another party or (iii) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Cash and cash equivalents

Cash and cash equivalents represent cash at bank and other short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value with a short maturity of three months or less from the date of acquisition.

Financial liabilities

Basic financial liabilities, including amounts due to group undertakings, are initially recognised at transaction price. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Notes to the financial statements (continued)

3 Summary of significant accounting policies (continued)

j) Provision for liabilities

The provision for ex-gratia payments is based on estimated ex-gratia payments over ten years based on lifetime historical data. The provision is revised on an annual basis.

k) Share capital

Ordinary shares are classified as equity and the holders of such shares are entitled to full voting rights.

l) Distributions to equity shareholder

Dividends and other distributions to the Company's shareholder are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholder. These amounts are recognised in the statement of changes in equity.

m) Accounting estimates and judgements

Key sources of estimation uncertainty

Assets consist of bank balances, intercompany balances and trade and other debtors. Liabilities consist of intercompany balances, contractual amounts due to suppliers and provisions. It is expected that all the debtors will be realisable in full when they fall due and that creditors will be settled in full when they are due. Where applicable, the Company applies estimations and assumptions that are aligned with relevant accounting guidance based on knowledge of the current situation. This requires assumptions and predictions of future events and actions. Provisions arise from a legal or constructive obligation as a result of past events and are based on the best estimate of amounts that will be paid.

4 Turnover

The total turnover of the Company derives from its principal activity, wholly undertaken in the United Kingdom, and is stated exclusive of value added tax.

	2017 £	2016 £
Commission received	190,752	175,821
Account charges	6,541	7,556
	<u>197,293</u>	<u>183,377</u>

5 Interest receivable

	2017 £	2016 £
Interest receivable on Company bank and deposit accounts	778	3,362
	<u>778</u>	<u>3,362</u>

Notes to the financial statements (continued)

6 (Loss)/profit before taxation

	2017 £	2016 £
(Loss)/profit taxation is stated after charging:		
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of these financial statements	3,895	3,800
	<u>3,895</u>	<u>3,800</u>

Fees paid to KPMG LLP for non-audit services and the audit of associated companies are disclosed in the consolidated accounts of the ultimate parent company (FAFS) on a consolidated basis.

7 Taxation

a) Analysis of charge in the period	2017 £	2016 £
Current Tax:		
UK corporation tax on (loss)/profit of the period	-	-
Adjustments in respect of previous periods	-	-
Total current tax	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
Tax on loss (note 7 (b))	<u>-</u>	<u>-</u>

b) Factors affecting the tax charge for the period

The tax assessed for the period is higher (2016: lower) than the main rate of corporation tax in the UK 19.25% (2016: 20%).

	2017 £	2016 £
(Loss)/profit before tax	<u>(2,783)</u>	<u>843</u>
Profit multiplied by main rate of corporation tax in the UK of 19.25% (2016: 20%)	(536)	169
Effects of:		
Losses brought forward and utilised against trading profits	-	(169)
Group relief surrendered	536	-
Tax charge for the period (note 7 (a))	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

7 Taxation (continued)

c) Factors that may affect future tax charges

The Finance Act 2015 reduced the main rate of corporation tax from 20% to 19% from 1 April 2017. Finance Act 2016 will further reduce the main rate of corporation tax to 17% from 1 April 2020. This will reduce the Company's future current tax charge accordingly.

The Company has trading losses carried forward for tax purposes of approximately £2.9m (2016: £2.9m), available for offset against future trading profits. The Directors do not consider it appropriate to recognise a deferred tax asset. The amount of unprovided deferred tax asset is estimated to be approximately £555k (2016: £555k).

8 Director's emoluments

The Directors have been wholly remunerated by Family Assurance Friendly Society (FAFS) for their services to FAFS and other group undertakings. The costs of the Directors are recovered through charges to the group companies. During 2017 the total remuneration paid to the Directors was £2,413,158 (2016: £2,113,000) and the total remuneration paid to the highest paid Director was £1,267,667 (2016: £1,240,000).

9 Employees

There are no employees directly employed by the Company (2016: nil). A service charge is payable by the Company to the parent in respect of certain expenses (including salary and staff related costs).

10 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Amounts due from group undertakings: fellow subsidiaries	16,190	15,285
	<u>16,190</u>	<u>15,285</u>

11 Creditors

	2017 £	2016 £
Amounts falling due within one year:		
Amounts due to group undertakings: parent company	37,983	81,772
Other creditors	491	365
	<u>38,474</u>	<u>82,137</u>

Notes to the financial statements (continued)

12 Provision

In October 1998 the Company acquired a book of PEPs which have resulted in occasional ex-gratia payments being made to customers. A provision was first recognised in 2014 to cover the constructive obligation of ex-gratia payments as the result of customer complaints. Both the timing and amount of future ex-gratia payments are uncertain therefore the provision estimates the amount to be paid over ten years.

Based on lifetime historical data, the expected amount to be paid out in ex-gratia payments over ten years is £55k.

	2017	2016
	£	£
At 1 January	77,203	82,853
Additions	-	-
Utilisation of provision	-	-
Release of provision	(22,091)	(5,650)
At 31 December	55,112	77,203

13 Share capital and capital reserve

	2017	2016
	£	£
(a) Share capital		
Allotted, called up and fully paid 2, £1 ordinary shares	2	2
(b) Capital reserve	5,600,000	5,600,000

The capital reserve is a distributable reserve relating to capital injections carried out in 1995 and 1996.

14 Related party transactions

The Company has taken advantage of an exemption from FRS102.33.1A not to disclose transactions with Family Assurance Friendly Society Limited's group undertakings as they are fully controlled by the Society. Balances with Family Assurance Friendly Society Limited's group undertakings are shown in notes 10 and 11.

No member of key management personnel, being any person having authority and responsibility for planning, directing or controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company, nor their close family, had a material transaction with the Company.

Notes to the financial statements (continued)

15 Registered office and ultimate parent

The registered office of Family PEP Managers Limited is the same address as its parent company below.

The immediate and ultimate parent company is Family Assurance Friendly Society Limited, a Friendly Society incorporated in England and Wales in accordance with the Friendly Societies Act 1992. Copies of the ultimate parent's consolidated financial statements may be obtained from:

The Secretary
Family Assurance Friendly Society Limited
16-17 West Street
Brighton
East Sussex
BN1 2RL