

ALCOBENDAS ENTRUST LIMITED

Company Registration Number: 3835752

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2015

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Directors' report

The Directors present their Report and the Financial Statements of Alcobendas Entrust Limited ("the Company") for the year ended 31 December 2015.

The Company is incorporated in the United Kingdom. Its registration number is 3835752 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 principal activity of the Company during the year was that of an investment company.

The company has no employees.

Result and dividends

The results of the Company for the year are shown in the statement of comprehensive income on page 6. The profit before tax was £259 (2014: £791 loss).

No dividends were paid during the year (2014: £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 principal risks and uncertainties facing the Company are counterparty risk and liquidity risk.

The Company has exposure to these types of risk as a result of normal business activities, specifically:

- the risk arising from the failure of a customer or group entity to make payments to the Company as and when they fall due (counterparty risk); and
- the Company's inability to meet short-term cash flow requirements (liquidity risk).

The Company's exposure to these risks is monitored by the Directors, who agree policies for managing each of these risks on an ongoing basis.

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

Having reviewed the position in light of the Financial Reporting Council Guidance issued in October 2009, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt 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:

S Mohammed
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 auditor

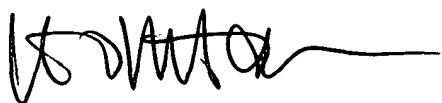
So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor are aware, and each of the Directors has taken all the steps that he / she ought to have taken as a Director to make himself / herself aware of any relevant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

Re-appointment of auditor

In accordance with section 487 of the Companies Act 2006, the Company's auditor, 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.

In accordance with the requirements of The Statutory Audit Services for Large Companies Market Investigation (Mandatory use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, a competitive audit tender will be undertaken in 2016 to be effective for the 2017 statutory audit.



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

21 June 2016

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 ("IFRS") as adopted by the European Union. 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.

Independent auditor's report to the members of Alcobendas Entrust Limited

We have audited the financial statements of Alcobendas Entrust Limited for the year ended 31 December 2015 which comprise the accounting policies, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 16. 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 auditor

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

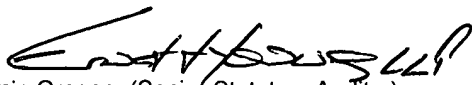
Opinion on other matters prescribed by the Companies Act 2006

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

2 June 2016

ALCOBENDAS ENTRUST LIMITED

Statement of comprehensive income
for the year ended 31 December 2015

	Notes	2015 £	2014 £
Revenue			
Net investment income	3	289	368
Total income		<u>289</u>	<u>368</u>
Administrative expenses	4	(30)	(87)
Total operating expenses		<u>(30)</u>	<u>(87)</u>
Profit before foreign exchange movements		<u>259</u>	<u>281</u>
Loss on foreign exchange movements		-	(1,072)
Profit / (Loss) for the year before tax		<u>259</u>	<u>(791)</u>
Tax (charge) / credit	7	(52)	170
Profit / (Loss) for the year		<u>207</u>	<u>(621)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>207</u></u>	<u><u>(621)</u></u>

ALCOBENDAS ENTRUST LIMITED

Statement of financial position
as at 31 December 2015

	Notes	As at 31 December 2015 £	As at 31 December 2014 £
Equity			
Share capital	8	5,927,104	5,927,104
Retained earnings		2,135,024	2,134,817
Total equity		<u>8,062,128</u>	<u>8,061,921</u>
Liabilities			
Other payables	9	52	15,471
Total liabilities		<u>52</u>	<u>15,471</u>
Total equity and liabilities		<u>8,062,180</u>	<u>8,077,392</u>
Assets			
Other receivables	10	8,062,180	7,884,711
Cash and cash-equivalents	11	-	192,681
Total assets		<u>8,062,180</u>	<u>8,077,392</u>

On behalf of the Board

Ramin Mohammed

S Mohammed
Director

21 June 2016

Statement of cash flows
for the year ended 31 December 2015

	Notes	2015 £	2014 £
Cash flows from operating activities			
Cash absorbed by operations	12	(192,681)	(164,312)
Net cash flows from operating activities		<u>(192,681)</u>	<u>(164,312)</u>
Net decrease in cash and cash equivalents		(192,681)	(164,312)
Cash and cash equivalents at the beginning of the year		192,681	356,993
Cash and cash equivalents at the end of the year	11	<u>-</u>	<u>192,681</u>

ALCOBENDAS ENTRUST LIMITED

Statement of changes in equity
for the year ended 31 December 2015

	Share capital (note 8) £	Retained earnings £	Total £
At 1 January 2015	5,927,104	2,134,817	8,061,921
Profit for the year	-	207	207
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	207	207
At 31 December 2015	5,927,104	2,135,024	8,062,128

	Share capital (note 8) £	Retained earnings £	Total £
At 1 January 2014	5,927,104	2,135,438	8,062,542
Loss for the year	-	(621)	(621)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(621)	(621)
At 31 December 2014	5,927,104	2,134,817	8,061,921

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 £.

The Company has taken advantage of the exemption in section 414 of the Companies Act 2006 relating to small companies not to prepare a Strategic Report.

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. 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) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rate at the period end. Income and expenses denominated in foreign currencies are translated at the prevailing rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) Income tax

Income tax comprises current and deferred tax. Income tax is recognised as income or an expense in the statement of comprehensive income except to the extent that it relates to items recognised as other comprehensive income in the statement of comprehensive income, in which case it is recognised as other comprehensive income in that statement.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the date of the statement of financial position together with adjustments to tax payable in respect of previous years.

Deferred tax is provided for on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not provided in respect of temporary differences arising from the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws enacted or substantively enacted at the period end.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with an original maturity term of three months or less at the date of placement.

(e) Dividends

Final dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's owners. Interim dividends are deducted from equity when they are paid.

Dividends for the year that are approved after the reporting period are dealt with as an event after the reporting period.

(f) Income recognition

Net investment income comprises interest on bank deposits.

Interest income is recognised in the statement of comprehensive income as it accrues using the effective interest method.

(g) Share capital

The Company has issued ordinary shares which are classified as equity.

(h) 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 2015, set out on pages 6 to 14, were authorised by the Board of Directors for issue on 21 June 2016.

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.

- Annual Improvements 2010 – 2012 cycle; and
- Annual Improvements 2011 – 2013 cycle.

Further standards, interpretations, and amendments have been issued, but are not currently relevant to the Company.

3. Net investment income

	2015 £	2014 £
Investment income		
Interest income on cash at bank	289	368
Net investment income	<u>289</u>	<u>368</u>

4. Administrative expenses

	2015 £	2014 £
Other operating expenses	<u>30</u>	<u>87</u>

5. Directors' remuneration

The Directors are employed by another Group company. The Directors received no remuneration in respect of their services to the Company (2014: £nil).

6. Auditor's remuneration

The remuneration of the auditor of the Company, including their associates, which were paid by another Group company, was £2,000 (2014: £2,000).

7. Tax charge / (credit)**Current year tax charge / (credit)**

	2015 £	2014 £
Current tax:		
UK Corporation tax	52	(170)
Total tax charge / (credit)	<u>52</u>	<u>(170)</u>

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Reconciliation of tax charge / (credit)

	2015 £	2014 £
Profit / (Loss) before tax	259	(791)
Tax at standard UK rate of 20.25% (2014: 21.5%)	52	(170)
Total tax charge / (credit) for the year	<u>52</u>	<u>(170)</u>

8. Share capital

	2015 £	2014 £
Issued and fully paid 5,927,104 (2014: 5,927,104) ordinary shares of £1 each	<u>5,927,104</u>	<u>5,927,104</u>

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

The holders of the ordinary shares have the same rights to returns and voting. The holders are 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 at its discretion out of legally available profits.

9. Other payables

	2015 £	2014 £
Amount due to parent	<u>(52)</u>	<u>(15,471)</u>
Amount due for settlement after 12 months	<u>-</u>	<u>-</u>

10. Other receivables

	2015 £	2014 £
Amounts due from parent	<u>8,062,180</u>	<u>7,884,711</u>
Amount recoverable after 12 months	<u>-</u>	<u>-</u>

The amount receivable from the Company's parent, Phoenix Life Assurance Limited, is interest free and repayable on demand.

11. Cash and cash equivalents

	2015 £	2014 £
Bank and cash balances	<u>-</u>	<u>192,681</u>

12. Cash flows***Cash flows from operating activities***

	2015 £	2014 £
Profit / (Loss) for the year before tax	259	(791)
Non-cash movements in loss for the year before tax		
Loss on foreign exchange movements	-	1,072
Changes in operating assets and liabilities		
Decrease in other payables	(15,471)	(10,585)
Increase in other receivables	(177,469)	(154,008)
Cash absorbed by operations	<u>(192,681)</u>	<u>(164,312)</u>

13. Capital management

The Company's capital comprises of share capital and all reserves. At 31 December 2015, total capital was £8,062,128 (2014: £8,061,921). Information on the movements in capital is set out in the statement of changes in equity.

There are no externally imposed capital requirements on the Company. The Company's capital is monitored by the Directors and managed on an on-going basis.

14. Risk management

The principal risk and uncertainty facing the Company are counterparty risk and liquidity risk.

The Company has exposure to these types of risk as a result of normal business activities, specifically:

- the risk arising from the failure of a customer or group entity to make payments to the Company as and when they fall due (counterparty risk); and
- the Company's inability to meet short-term cash flow requirements (liquidity risk).

The Company's exposure to these risks is monitored by the Directors, who agree policies for managing each of these risks on an ongoing basis.

15. Related party transactions

The Company enters into transactions with related parties in its normal course of business. These are at arm's length on normal commercial terms.

<i>Amounts due from related parties</i>	2015 £	2014 £
Amounts due from parent	<u>8,062,180</u>	<u>7,884,711</u>
<i>Amounts due to related parties</i>	2015 £	2014 £
Amounts due to parent	<u>52</u>	<u>15,471</u>

Key management compensation

The compensation payable to employees classified as key management, which comprises the Directors, is disclosed in note 5.

During the year to 31 December 2015, key management and other family members had no other transactions with the Company.

Parent and ultimate parent entity

Information on the Company's parent and ultimate parent is given in note 16.

16. Other information

The Company's principal place of business is the United Kingdom. The Company's immediate parent is Phoenix Life Assurance 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, 1st Floor, 32 Commercial Street, St. Helier, Jersey, JE2 3RU.