



Partnership Holdings Limited

Report and Financial Statements

For the year ended 31 December 2014

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Registered Number: 6610600

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Directors, Officers and Advisers

Directors and Officers

Directors

IB Owen, FIA (Chairman)*

PA Catterall*

SJ Groves, FIA

DL Richardson, FIA, CFA

*Non-executive Directors

Company Secretary

Prism Cosec Limited

Registered Office

5th Floor

110 Bishopsgate

London

EC2N 4AY

Independent Advisers and Consultants

Auditor

Deloitte LLP

Bankers

Lloyds Banking Group plc

Legal Advisers

Freshfields LLP

Clyde & Co LLP

Directors' Report

For the year ended 31 December 2014

The Directors present their Annual Report and the audited Financial Statements for the year ended 31 December 2014.

Directors

The current Directors are listed on page 1. Directors who served the Company during 2014 and up to the date of this report were:

IB Owen	
PA Catterall	
MD Crewe	(resigned 23 October 2014)
RA Phipps	(resigned 7 March 2014)
DTM Young	(resigned 31 December 2014)
SJ Groves	
DL Richardson	

Directors' Interests

The Directors had no interests in the share capital of Partnership Holdings Limited ("The Company") at 31 December 2014 (2013: nil).

Directors' Indemnities

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and Officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company.

Directors' and Officers' liability insurance cover is in place in respect of all of the Company's Directors.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps that he/ she ought to have taken as a Director in order to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Deloitte LLP has indicated their willingness to continue in office as auditor.

Approved by the Board and signed on its behalf by:



Prism Cosec Limited
Company Secretary
10 Margaret Street
London W1W 8RL
18 June 2015

Strategic Report

Principal activity and review of the business

The Company is a holding company. The principal activities of its subsidiary undertakings are the transaction of life assurance, annuities and equity release mortgages primarily in the United Kingdom. The Company plans to continue in this capacity for the foreseeable future.

The financial results for the year are set out in the Statement of Comprehensive Income on page 7. The Directors do not recommend the payment of a dividend (2013: £25m).

Principal risks, uncertainties and financial instruments

The Company's exposure to and management of principal risks and uncertainties is set out in note 10.

Approved by the Board and signed on its behalf by:



Prism Cosec Limited
Company Secretary
10 Margaret Street
London W1W 8RL
18 June 2015

Statement of Directors' Responsibilities

For the year ended 31 December 2014

The Directors are responsible 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 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 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, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- 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 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report

To the Members of Partnership Holdings Limited

We have audited the Financial Statements of Partnership Holdings Limited for the year ended 31 December 2014 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and IFRS as adopted by the European Union.

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 Directors' Responsibilities Statement, 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 annual report 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 misstatement 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 2014 and of its result 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 matter prescribed by the Companies Act 2006

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

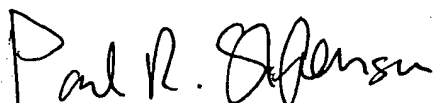
Independent Auditor's Report (continued)

To the members of Partnership Holdings Limited

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.



Paul Stephenson BA ACA
Senior Statutory Auditor
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK
18 June 2015

Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	2014 £000's	2013 £000's
Dividend received	2	-	25,000
Operating profit		-	25,000
Profit from operations before tax		-	25,000
Income tax	4	-	-
Profit for the year		-	25,000

The Company's results are from continuing operations.

The profit for each year was entirely attributable to equity.

There are no items of other comprehensive income in the current or previous period.

The notes on pages 11 to 15 are an integral part of these Financial Statements.

Statement of Changes in Equity

For the year ended 31 December 2014

	Note	Share capital £000's	Share premium £000's	Other reserves £000's	Retained profit £000's	Total £000's
At 1 January 2013		271,930	15	-	97	272,042
Profit for the year		-	-	-	25,000	25,000
Dividend paid					(25,000)	(25,000)
At 31 December 2013		271,930	15	-	97	272,042
At 1 January 2014		271,930	15	-	97	272,042
Capital contribution	8	-	-	23,000	-	23,000
At 31 December 2014		271,930	15	23,000	97	295,042

The profit for each year was entirely attributable to equity.

The notes on pages 11 to 15 are an integral part of these Financial Statements.

Statement of Financial Position

As at 31 December 2014

	Note	2014 £000's	2013 £000's
Investment in subsidiary undertakings	5	287,056	264,056
Total non - current assets		287,056	264,056
Receivables	6	7,925	32,981
Cash and cash equivalents	7	61	5
Total current assets		7,986	32,986
Total assets		295,042	297,042
Equity			
Share capital	8	271,930	271,930
Share premium	8	15	15
Other reserves		23,000	-
Retained loss		97	97
Total equity and reserves		295,042	272,042
Current liabilities			
Payables	9	-	25,000
Total liabilities		-	25,000
Total equity and liabilities		295,042	297,042

The notes on pages 11 to 15 are an integral part of these Financial Statements.

The Financial Statements of the Company were approved by the Board of Directors and authorised for issue on 18 June 2015.

They were signed on its behalf by:



SJ Groves
Director

Company Registered Number: 6610600

Cash Flow Statement

For the year ended 31 December 2014

	Note	2014 £000's	2013 £000's
Profit before tax from continuing operations		-	25,000
Adjustment for:			
Decrease/ (increase) in receivables	6	25,056	(27,282)
Decrease in payables excluding income tax		(25,000)	-
Dividends payable to Company's shareholder		-	25,000
Dividends settled via intercompany		-	(25,000)
Net cash generated/ (used in) operating activities		56	(2,282)
Net increase/ (decrease) in cash and cash equivalents		56	(2,282)
Cash and cash equivalents at beginning of year		5	2,287
Cash and cash equivalents at end of year	7	61	5

The notes on pages 11 to 15 are an integral part of these Financial Statements.

Notes to the Financial Statements

For the year ended 31 December 2014

1 Significant accounting policies

General information

The Principal activities and review of the business on page 3 outlines the Company's activities and performance. Note 10 to the Financial Statements sets out the Company's policies and procedures for managing risk. Having regard to the Company's financial position, its expected performance in the future, and having made appropriate enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual Financial Statements.

Basis of preparation

The Financial Statements are prepared in accordance with IFRS, as adopted by the European Union, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information has been prepared in accordance with applicable accounting standards and under the historical cost convention.

The Company has not prepared consolidated accounts because it is exempt under section 400 of the Companies Act 2006. The Company is a subsidiary undertaking of Partnership Assurance Group plc (PAG plc) and its results are consolidated in the financial statements of that company.

Critical accounting judgement and key sources of estimation uncertainty

The preparation of financial information in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Dividends

Dividends payable are recognised within equity in the period in which they are authorised by the Board and are no longer at the discretion of the Company. Dividends receivable from subsidiaries are recognised within the Statement of Comprehensive Income in the period in which the Company becomes entitled to the receipt.

Interest receivable

Interest receivable is accounted for on an accruals basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held on call with banks and other short term highly liquid investments with original maturities of 90 days or less.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Current taxation

Current taxation including UK Corporation tax is provided at amounts specified to be paid or recovered using the taxation rates applicable to the relevant financial years.

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

Deferred taxation

Provision is made for taxation on taxable profits for the year using applicable tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less impairment, as determined by the Company's Directors.

Adoption of new and revised standards

The Company has adopted the following new or revised standards that became effective (as adopted by the EU) as of 1 January 2014.

- **IFRS 10 Consolidated financial statements** – This standard sets out the requirements for the preparation and presentation of consolidated financial statements, requiring entities controlled by the parent company to be consolidated as subsidiaries. The standard changes the definition of "control" from that previously established in IFRS. As the Company does not prepare consolidated financial statements the application of IFRS 10 has no impact on the financial statements in the current or comparative periods.
- **IFRS 11 Joint Arrangements** – This standard defines joint arrangements and related accounting principles. The standard established two types of joint arrangement – joint ventures and joint arrangements – based on how rights and obligations are shared by investors in the arrangements. Associated amendments to IAS 28 Investments in associates and joint ventures have also been adopted. The application of IFRS 11 has no impact on the financial statements in the current or comparative periods.
- **IFRS 12 Disclosures of interests in other entities** – IFRS 12 requires additional disclosures for investments in subsidiaries, joint arrangements, associates and structured entities. As separate financial statements are excluded from the scope of IFRS 12, the application of the standard has no impact on the financial statements in the current or comparative periods.
- **IAS 32 Financial Instruments – Presentation** – An amendment to IAS 32 clarifies the requirements for offsetting financial assets and liabilities. The application of the amendment has no impact on the financial statements in the current or comparative periods.
- **IAS 36 Impairment of assets** – An amendment to IAS 36 which reduces the circumstances in which the recoverable amount of non-financial assets is required to be disclosed. The application of the amendment has no impact on the financial statements in the current or comparative periods.
- **IAS 39 Financial Instruments: Recognition and measurement** – an amendment to IAS 39 which clarifies the circumstances in which hedge accounting can be continued when derivatives are novated to a central counterparty. The application of the amendment has no impact on the financial statements in the current or comparative periods.

The following new or revised or amended standards, in issue, were not yet effective, or in some cases not yet endorsed by the EU. The Group has not early adopted any of these standards

Standard/ Interpretation	Content/ amendment	Applicable for annual financial periods beginning on or after
IFRS 9 – Financial Instruments	IFRS 9 will replace IAS 39: Financial Instruments – Recognition and Measurement. The impact of the adoption of IFRS 9 on the Group will depend on the finalisation of the standard and the interaction of the requirements of IFRS 9 with the IASB's on-going insurance contracts accounting project. The standard has not yet been endorsed by the EU.	1 January 2018
IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and IAS 28 Investments in Associates and Joint Ventures	Amendments regarding the sale of contribution of assets between an investor and its associate or joint venture. The amendments have not yet been endorsed by the EU.	1 January 2016
IFRS 14 Regulatory Deferral Accounts	The standard permits an entity which is a first-time adopter of IFRS to continue to account for 'regulatory deferral account balances' in accordance with its	1 January 2016

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

	previous GAAP. As the Group is not a first-time adopter of IFRS, the standard will have no impact on the Group. The standard has not yet been endorsed by the EU.	
IFRS 15 Revenue from Contracts with Customers	IFRS 15 specifies how and when to recognise revenue, and requires additional disclosures. The standard provides a single, principles based five-step model to be applied to contracts with customers. Insurance contracts and financial instruments are excluded from the scope of the standard. Therefore the standard is not expected to have a material impact on the Group's profit before tax for the year or equity. The standard has not yet been endorsed by the EU.	1 January 2017
IAS 27 Separate Financial Statements	Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The standard has not yet been endorsed by the EU.	1 January 2016
Annual Improvements 2010-2012 Cycle	Amendments to a number of IFRS standards, clarifying guidance, wording or minor corrections. None of the proposed amendments are expected to have a material impact on the Group's profit before tax for the year or equity. The standard has not yet been endorsed by the EU.	1 July 2014
Annual Improvements 2011-2013 Cycle	Amendments to a number of IFRS standards, clarifying guidance, wording or minor corrections. None of the proposed amendments are expected to have a material impact on the Group's profit before tax for the year or equity. The standard has not yet been endorsed by the EU.	1 July 2014
Annual Improvements - 2012 - 2014 cycle	Amendments to a number of IFRS standards, clarifying guidance, wording or minor corrections. None of the proposed amendments are expected to have a material impact on the Group's profit before tax for the year or equity. The standard has not yet been endorsed by the EU.	1 January 2016

2 Dividends received and paid

The Company neither paid nor received a dividend in 2014. On 13 December 2013 the Company received a dividend of £25 million from its subsidiary, Partnership Group Holdings Limited. Following receipt of this dividend, the Company declared and paid a dividend totalling £25 million. Both dividends paid and received were settled by intercompany account.

3 Profit before tax

Partnership Services Limited, a subsidiary undertaking, has incurred all administration, staff and pension costs on behalf of the Company. The Company has no employees. Directors are remunerated for services to the group, PAG plc as a whole. Auditor's remuneration of £6,600 (2013: £7,500) in respect of the audit of the Company's financial statements was incurred by Partnership Services Limited.

4 Income tax

The Company had neither a deferred tax asset nor liability at the beginning or the end of the period.

The current taxation rate of 21.5% applied for the year is the average UK corporation tax rate for 2014 (2013: 23.25%).

	2014 £000's	2013 £000's
Current taxation charge	-	-
Total tax charge for the year	-	-
Factors affecting the tax charge	2014 £000's	2013 £000's
Profit before tax	-	25,000
Current taxation at 21.5% (2013: 23.25%)	-	(5,812)
Surrender of tax losses	-	5,812
Income tax	-	-

5 Investment in subsidiary undertakings

The interests of the Company in its subsidiary undertakings was as follows:

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

	2014	2013
	£000's	£000's
At 1 January	264,056	264,056
Additional investment in Partnership Group Holdings (PGHL)	23,000	-
At 31 December	287,056	264,056

During the year the Company made a capital contribution of £23 million in the form of a gift to the Company's subsidiary, PGHL. The capital contribution is recognised as an increase in cost of investment in the subsidiary.

6 Receivables

	2014	2013
	£000's	£000's
Amounts falling due within one year:		
Amounts due from subsidiary undertakings	2,687	32,981
Amounts due from parent undertakings	5,238	-
At 31 December	7,925	32,981

7 Cash and cash equivalents

	2014	2013
	£000's	£000's
Cash at bank and in hand	61	5
	61	5

8 Share capital and share premium

	2014	2013
	£000's	£000's
Ordinary shares of £1 each	271,930	271,930
Share premium	15	15
Other reserves	23,000	-
At 31 December	294,945	271,945

During the year the Company's parent, PAG plc, made a capital contribution to the company of £23 million in the form of a gift. The capital contribution is recognised as an increase in equity within other reserves. The Company used the gift to provide a capital contribution to its subsidiary, Partnership Group Holdings Limited, also as a gift (see note 5).

At the end of 2014 no shares issued remained unpaid (2013: £nil).

9 Payables

	2014	2013
	£000's	£000's
Amounts falling due within one year:		
Amounts due to parent undertaking	-	25,000
At 31 December	-	25,000

10 Principal risks, uncertainties and financial instruments

The Company is not materially exposed to any financial risk, other than credit risk, interest rate risk and liquidity risk.

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

Credit risk arises on amounts due from fellow group companies for recovery of fees charged. The Company is a subsidiary undertaking of PAG plc and credit risk is managed on a group wide basis. Periodic cash settlement of intra-group balances is carried out. Interest rate risk arises in relation to cash positions and bank overdrafts subject to variable interest rates. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The cash requirements of the Company, and the other companies under common control, are monitored on a daily basis and managed to ensure that each has sufficient liquidity to carry out its activities while keeping cash and overdraft positions to a minimum

11 Subsidiary undertakings and Joint Ventures

The company owns 100% of the share capital of PGHL, a holding company incorporated in England and Wales. At 31 December 2014 the Company carried this holding at £287,056,000 (31 December 2013: £264,056,000).

12 Related party transactions

Trading transactions

During the year the Company did not incur any fees in respect of services provided by Partnership Services Limited, a subsidiary undertaking, in respect of management services (2013: nil).

Amounts due from the parent company and fellow group undertakings at 31 December are shown in note 6.

Remuneration of key management personnel

The Company does not employ any staff. No emoluments are paid to Directors in relation to their services provided to the Company.

13 Ultimate holding company

The Company's immediate parent company is PAG plc registered in England and Wales.

The Company's ultimate parent undertakings are the partnerships comprising the Fourth Cinven Fund (the "Cinven Funds"), being funds managed and advised by Cinven Limited, a Company incorporated in the United Kingdom and registered in England and Wales. Accordingly, the Directors consider the Company's ultimate controlling party to be Cinven Limited, the manager and advisor to the Cinven Funds.