IMPALA LOAN COMPANY 1 LIMITED

Company Registration Number: SC212709

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2019

Contents **Page**

Directors' report

The Directors present their report and the financial statements of Impala Loan Company 1 Limited ('the Company') for the year ended 31 December 2019.

The Company is incorporated in the United Kingdom as a private limited company. Its registration number is SC212709 and its Registered Office is 301 St. Vincent Street, Glasgow, Strathclyde, G2 5HN.

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 undertaken any trading activities during the year under review.

Result and dividends
There was no profit or loss for the period ended 31 December 2019, and the Directors do not recommend the payment of a dividend.

Position as at 31 December 2019
The net assets of the Company at 31 December 2019 were £1 (2018: £1).

Principal risks and uncertainties
As the Company no longer conducts business, there are deemed to be no material risks.

Key Performance Indicators ('KPIs')
Given the non-trading 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 followed the UK Financial Reporting Council's "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks" (issued April 2016) when performing their going concern assessment. As a result of this review, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

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

Directors and their interests
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;

J McConville	Resigned 15 May 2020
S Perowne	
R Thakrar	

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.

Audit exemption
The Company has taken advantage of the exemption in section 479A of the Companies Act 2006 relating to subsidiary companies not to require an audit of these financial statements, as a guarantee over all liabilities of the Company at the balance sheet date has been granted by the Company's ultimate parent, Phoenix Group Holdings plc.

On behalf of the Board

DocuSigned by:
Steven Watts
4C38FDC54E76400...

S Watts
For and on behalf of Pearl Group Secretariat Services Limited
Company Secretary
15 October 2020

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 for 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.

Statement of comprehensive income
for the year ended 31 December 2019

	Notes	2019 £	2018 £
Revenue			
Investment income	3	-	1
Total income		-	1
Loss arising on liquidation of subsidiary	7	-	(1)
Total operating expenses		-	(1)
Profit for the year before tax		-	-
Total comprehensive income for the year attributable to owners		-	-

Statement of financial position
as at 31 December 2019

	Notes	As at 31 December 2019 £	As at 31 December 2018 £
Equity attributable to owners			
Share capital	6	1	1
Total equity		-	-
Total equity and liabilities		1	1
Non-current assets			
Investment in subsidiaries	7	-	-
Total non-current assets		-	-
Current assets			
Amounts due from Group entities	8	1	1
Total current assets		1	1
Total assets		1	1

For the year ending 31 December 2019 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.
Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

On behalf of the Board

DocuSigned by:
F6607621210E455...

R Thakrar
Director
15 October 2020

Notes to the financial statements

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on a historical cost basis except for those financial assets and financial liabilities that have been measured at fair value.

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

The financial statements are separate financial statements and the exemptions in paragraph 10 of IAS 27 *Consolidated and Separate Financial Statements* and section 401 of the Companies Act 2006 have been used not to present consolidated financial statements.

The Company's immediate parent is Pearl Life Holdings Limited whose Registered Office is 1 Wythall Green Way, Wythall, Birmingham, B47 6WG. The results of the Company are consolidated into the accounts of the Company's ultimate parent Phoenix Group Holdings Public Limited Company ('PGH plc'), a company incorporated in the United Kingdom. The registered address of PGH plc is Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU.

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 (£).

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) Critical accounting estimates and judgements

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

Impairment of financial assets

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

(c) Investment in subsidiaries

Investments in shares in subsidiaries held for strategic purposes are carried in the statement of financial position at cost less impairment.

The Company assesses at each reporting date whether an investment in a subsidiary or group of investments in subsidiaries held at cost is impaired. The Company first assesses whether objective evidence of impairment exists. If objective evidence of impairment exists the Company calculates the amount of impairment as the difference between the recoverable amount of the jointly controlled entity and its carrying value and recognises the amount as an expense in the statement of comprehensive income.

(d) Share capital

The Company has issued ordinary shares which are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in the statement of changes in equity, net of tax.

1. Accounting policies (continued)

(e) Financial assets

Classification of Financial assets
Financial assets are measured at amortised cost where they have:

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

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

Financial assets measured at amortised cost are included in note 8.

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

The Company measures loss allowances which have low credit risk using the 12-month Expected Credit Loss (ECL). A simplified approach is used to determine the loss allowances for other receivables as these are always measured at an amount equal to lifetime ECLs. See note 10 for detail of how the Company assesses whether the credit risk of a financial asset has increased since initial recognition and when estimating ECLs.
The loss allowance reduces the carrying value of the financial asset and is reassessed at each reporting date. ECLs are recognised using a provision for doubtful debts account in profit and loss. For other receivables, the ECL rate is recalculated each reporting period taking into account which counterparties are included in the reporting period.

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

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

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

(f) 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 2019, set out on pages 4 to 9, were authorised by the Board of Directors for issue on 15 October 2020. The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted for use by the European Union ('IFRS').

There have been no transactions during the current or prior year and therefore no statement of comprehensive income and no statement of changes in equity have been prepared. The Company held no cash balances and accordingly no statement of cash flows has been prepared.

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

The financial statements have not been affected by any new standards, amendments or interpretations effective from 1 January 2019.

3. Investment income

	2019	2018
	£	£
Dividends received from liquidation of subsidiary – see note 7	-	1

Dividends of £1 due to the Company by its subsidiary were written off upon liquidation (see note 7)

4. Employee information

The Company has no employees. If any services were required, they would be provided by Pearl Group Services Limited and Pearl Group Management Services Limited.

5. Directors' remuneration

The Directors receive no remuneration for their services as Directors of the Company (2018: £nil).

6. Share capital

	2019	2018
	£	£
Issued and fully paid: 1 (2018: 1) ordinary share of £1 each	1	1

The holders of the ordinary shares 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 in its discretion out of legally available profits.

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

7. Investment in subsidiaries

	2019	2018
	£	£
Cost		
At 1 January	-	1
Liquidation of subsidiary	-	(1)
At 31 December	-	-
Carrying amount		
At 31 December	-	-

The Company owned 100% of the ordinary share capital of ILC1 (Jersey) Limited, a company incorporated and with its principal place of operation in Jersey. On 18 May 2018, ILC1J was liquidated.

8. Amounts due from Group entities

	2019	2018
	£	£
Amounts due from Group entities	1	1

9. Cash flows from operating activities

	2019	2018
	£	£
Profit for the year before tax	-	-
Adjustments to reconcile profit for the year to net cash inflow from operating activities in respect of:		
Loss on liquidation of subsidiary	-	1
Change in operating assets and liabilities	-	(1)
Cash generated by operations	-	-

10. Risk management

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

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

Credit risk management practices

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

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

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

Financial assets	Note	External credit rating	Internal credit rating	ECL recognition	Gross carrying amount (£)	Loss Allowance	Net carrying amount (£)
Amounts due from Group entities	9	N/A	Performing	12 month ECL	1	-	1

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

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

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

11. Capital and risk management

The Company's capital comprises share capital. At 31 December 2019 total capital was £1 (2018: £1).

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 via a monthly close process to ensure that it remains positive at all times.

As the Company no longer conducts business, there are deemed to be no material risks.

12. Related party transactions

The other receivable amounting to £1 (2018: £1) is due from the Company's immediate subsidiary. There were no transactions with key management personnel during the year.

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

Parent and ultimate parent entity
Information on the Company's parent and ultimate parent is given in note 14.

13. Events after the reporting date

Post balance sheet date, the unfolding of Covid-19 pandemic crisis is affecting both economic and financial markets and there are numerous challenges associated with the resulting economic conditions. These include increased financial market volatility, liquidity concerns and government intervention. The Phoenix Group, of which the Company is a member, has instituted a program of actions to mitigate the financial and operational risks associated with the impacts of Covid-19.

In line with the Financial Reporting Council guidance issued in March 2020, the Company considers Covid-19 to be a non-adjusting post balance sheet event. When performing their going concern assessment, the Directors considered the possible impacts of the Covid-19 pandemic and do not consider this to have any impact on the operational or financial position of the Company, given the Company is expected to be inactive for the foreseeable future.

14. Other information

The Company is registered in the United Kingdom. The Company's immediate parent is Pearl Life Holdings Limited and its ultimate parent is Phoenix Group Holdings Public Limited Company ('PGH plc'), a company incorporated in the United Kingdom. A copy of the financial statements of PGH plc can be obtained from the Company Secretary, The Phoenix Group, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU.