

SPL (HOLDINGS) LIMITED

Company Registration Number: SC214931

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2013

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SPL (HOLDINGS) LIMITED

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Directors' report

The Directors present their Report and the Financial Statements of SPL (Holdings) Limited ("the Company") for the year ended 31 December 2013.

The Company is incorporated in Scotland as a private limited company. Its registration number is SC214931 and its registered office is 301, St Vincent Street, Glasgow G2 5AB.

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 is that of an investment holding company. This will continue to be the principal activity for the foreseeable future.

Business transacted

The Company's subsidiary SPL (Holdings 2) Limited was liquidated on 13 June 2013.

Result and dividends

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

No dividends were paid during the year (2012: £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 main risks facing the Company are counterparty risk arising from the failure of a group entity to make payments to the Company as and when they fall due, the Company's inability to meet short-term cash flow requirements (liquidity risk) and from changes in the value of subsidiary undertakings.

The Company's exposure to these risks is monitored by the Board which agrees policies for managing the 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, they 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:

M J Merrick	(Resigned 2 June 2014)
A Moss	
S Mohammed	(Appointed 2 June 2014)

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.

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Disclosure of information to auditor

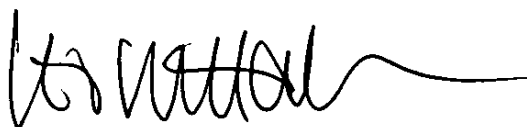
So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware, and each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information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

On behalf of the Board



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

26 June 2014

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 SPL (Holdings) Limited

We have audited the financial statements of SPL (Holdings) Limited for the year ended 31 December 2013 which comprise the statement of financial position and the related notes 1 to 13. 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. 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 2013;
- have been properly prepared in accordance with IFRS; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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

30 June 2014

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Statement of financial position
as at 31 December 2013

	Notes	As at 31 December 2013 £	As at 31 December 2012 £
Equity attributable to owners			
Share capital	6	1	1
Retained earnings		347,800	347,800
Total equity		<u>347,801</u>	<u>347,801</u>
Current liabilities			
Other payables	7	5	5
Total liabilities		<u>5</u>	<u>5</u>
Total equity and liabilities		<u>347,806</u>	<u>347,806</u>
Non-current assets			
Investment in subsidiary undertakings	8	347,038	347,039
Current assets			
Other receivables	9	768	767
Total assets		<u>347,806</u>	<u>347,806</u>

On behalf of the Board

Samira Mohammed

S Mohammed
Director

26 June 2014

Notes to the financial statements

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on a historical cost 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.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") as they apply to the financial statements of the Company for the year ended 31 December 2013, and applied in accordance with the Companies Act 2006.

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) Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The area of the Company's business that typically requires such estimates is impairment tests for investment in subsidiaries.

Impairment of investment in subsidiaries

The value of investment in subsidiaries is subject to regular impairment reviews. Any impairment is measured at the difference between the carrying value of a particular asset and its estimated recoverable amount. Impairments are recognised in the income statement in the period in which they occur. The Company's policy in relation to impairment testing of investment in subsidiaries is detailed in accounting policy (c).

(c) Investment in subsidiaries

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

At each reporting date, the Company assesses whether there are any indications of impairment or reversal of impairment. When such indications exist, an impairment test is carried out by comparing the carrying value of the investment against the estimate of the recoverable amount, which represents the higher of value in use or fair value less costs of disposal. Impairments and reversal of impairments are recognised as income or an expense in the statement of comprehensive income in the period in which they occur.

(d) Cash and cash equivalents

Cash and cash equivalents comprise bank 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.

(f) Share capital

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

(g) 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

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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 2013, set out on pages 6 to 10, were authorised by the Board of Directors for issue on 16 June 2014.

The International Accounting Standards Board ("IASB") has issued the following standards, interpretations and amendments which, subject to adoption for use by the EU, apply from the dates shown. The Company has decided not to early adopt any of these standards, interpretations or amendments where this is permitted. The impact on the Company of adopting them is subject to evaluation:

- Annual improvements to IFRS 2010-2012 cycle (2014). This makes a number of minor improvements to existing standards and interpretations.
- Annual improvements to IFRS 2011-2013 cycle (2014).

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

3. Employee Information

The Company has no employees. Services are provided by another Group Company.

4. Directors' remuneration

The Directors are employed by another Group Company. The Directors received no remuneration in respect of their services to the Company (2012: £nil).

5. Auditor's remuneration

The remuneration of the auditor of the Company, including their associates, for auditing these financial statements was £2,000 (2012: £3,095). These audit fees have been borne by another Group company.

6. Share capital

	2013 £	2012 £
Issued and fully paid: 1 (2012: 1) ordinary share of £1	<u>1</u>	<u>1</u>

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

The holders of the ordinary share 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.

7. Other payables

	2013 £	2012 £
Amounts due to fellow subsidiaries	<u>5</u>	<u>5</u>
Amount due for settlement after 12 months	<u>-</u>	<u>-</u>

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8. Investment in subsidiary undertakings

	2013 £	2012 £
Cost		
At 1 January and 31 December	<u>2,163,000,000</u>	<u>2,163,000,000</u>
Impairment		
At 1 January and 31 December	(2,162,652,962)	(2,162,652,961)
Carrying amount		
At 31 December	<u>347,038</u>	<u>347,039</u>

At 31 December 2013, the remaining subsidiary of the Company is SPL (Holdings 1) Limited, incorporated in Scotland, holding ordinary shares of £1. The Company's principal place of operation is the United Kingdom.

The Company's subsidiary SPL (Holdings 2) Limited was liquidated on 13 June 2013. As such the remaining assets of £1 in SPL (Holdings 2) Limited were distributed to the Company on that date.

9. Other receivables

	2013 £	2012 £
Amounts due from fellow subsidiaries	<u>768</u>	<u>767</u>
Amount recoverable after 12 months	<u>-</u>	<u>-</u>

10. Capital management

The Company's capital comprises of share capital and all reserves. At 31 December 2013, total capital was £347,801 (2012: £347,801). 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.

11. Risk management

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 group entity to make payments to the Company as and when they fall due (counterparty risk),
- the Company's inability to meet short-term cash flow requirements (liquidity risk); and
- the risk arising from changes in value of its subsidiary undertakings (counterparty risk).

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

12. 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.

Amounts due to related parties

	2013 £	2012 £
Amounts due to fellow subsidiaries	<u>5</u>	<u>5</u>

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Amounts due from related parties

	2013	2012
	£	£
Amounts due from fellow subsidiaries	<u>767</u>	<u>767</u>

Key management compensation

The compensation payable to employees classified as key management, which comprises the Directors, is disclosed in note 4.

During the year to 31 December 2013, 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 13.

13. Other information

The Company's principal place of business is the United Kingdom. The Company's immediate parent is Pearl RLH 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.