PHOENIX ER6 LIMITED

Company Registration Number: 12139423

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2024

Contents **Page**

Strategic report

The Directors present the Strategic report, their Report and the financial statements of Phoenix ER6 Limited ("the Company") for the year ended 31 December 2024.

The Company is incorporated in England & Wales as a private limited company. Its registration number is 12139423 and its registered office is 10 Brindleyplace, Birmingham, B1 2JB.

The financial statements of the Company have been prepared in accordance with UK adopted international accounting standards.

Business review

Principal activities
The Company is a member of the Phoenix Group ("the Group"), headed by Phoenix Group Holdings plc ("PGH").

The principal activity of the Company is to hold the beneficial interest in a portfolio of equity release mortgages ("ERM") on behalf of its parent company, Phoenix Life Limited ("PLL"). The Company had acquired the beneficial interest in a portfolio of residential ERM loans from PLL, against which the Company had issued Fixed Rate and Junior Loan Notes which incur interest, as consideration to PLL.

During the year, the Company transferred its entire ERM portfolio and other assets and liabilities to PLL. All outstanding Fixed Rate, Junior Loan Notes and associated accrued interest were redeemed in consideration. Following the transfer, the Company became inactive.

The Company has no employees.

Climate change: activity in the year and future developments
Climate change remains one of the greatest global challenges faced today. As a member of a purpose-led Group we want to play our part in delivering a net zero economy whilst delivering good outcomes for our customers; our actions are either directly or indirectly aligned with this goal. The primary drivers for our actions are to reduce customers' exposure to climate-related risk and to help them take advantage of the opportunities presented by the net zero transition.

We also recognise that nature loss and degradation is a material financial risk to our customers, and we are taking action to understand and address our dependencies and impacts on nature across our business.

As a Group, we are scaling up our actions to drive wider system change and we strive to use our position of influence to bring about positive change in our investee companies. That's why we remain invested in high emitting sectors including oil and gas. We call this our 'engagement first' approach. In parallel we are on a journey to decarbonise our own operations and supplier base.

As a Group, we have identified and assessed the impact of climate-related risks and opportunities on the business, strategy, and financial planning over short-, medium-, and long-term horizons. We have committed to being net zero by 2050 across our investment portfolio, operations and supplier base and have set near-term targets to help us to navigate our progress to meet our net zero ambition.

In 2023 the Group published its Net Zero Transition Plan which sets out our strategy in detail and the actions that the Group will take across three core pillars: Invest, Engage and Lead to deliver our net zero targets. The application of the Net Zero Transition Plan is set by Group but considers its subsidiary companies, including the Company, in their plan.

The Company seeks to follow and apply the strategy, risk management, and climate governance framework set by the Group to ensure it can contribute and help support the Group to meet its Climate and Sustainability Targets. The Group's understanding of climate and wider sustainability risks continues to evolve as new risks emerge, with nature increasing in its importance. As Group looks to take steps to address nature risk, the Group framework in place for climate is expected to extend to consider climate and nature risks together.

More information on the Group's TCFD-aligned disclosures and integrated nature disclosures and sustainability strategy can be found in the Group's Annual Report and Accounts and standalone Sustainability Report respectively.

Result and dividends
The results of the Company for the period are shown in the statement of comprehensive income on page 12. The profit before tax was £nil (2023: £nil).

No dividends were paid to the parent company during the year (2023: £nil), and the Directors do not recommend the payment of a dividend.

Directors' duties under section 172 of the Companies Act

Section 172 of the Companies Act 2006 (the 'Act') requires each Director of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing so, each Director must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and the environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

During the year the Directors of the Company have applied Section 172 of the Act in a manner consistent with the wider Group's purpose, values and strategic priorities, whilst having due regard to the Company's ongoing regulatory responsibilities as a financial services business. To support the fulfilment of the Directors' duties outlined above, each paper prepared for consideration by the Board contains an analysis of the potential impact of proposals to be considered by the Board in light of the factors contained in Section 172.

The Board recognises that the Company's stakeholders are integral to its success. During the year, the Board ensured that its considerations and decision making processes took into account their impact on its own stakeholders. The key stakeholder groups of the Company and its relationships with each are as follows:

- the Company's immediate parent PLL, which securitised ERM loans into the Company and on behalf of whom the Company held beneficial interest;
- the Company's ultimate parent, PGH;
- third party loan originators and other Group companies who hold legal title to the ERM loans in question; and
- any employees engaged by the Company via service companies within the Phoenix Group.

Key board decisions

This section contains examples of key decisions of the Board, their alignment to the Group's strategy, how the Board reached its decision (including consideration of matters set out in Section 172; the interests of stakeholders; related risks and opportunities; and challenges it faced) and the outcome of those considerations. The examples shown are provided to demonstrate how the Directors of the Company have carried out their duties under Section 172 of the Act.

Example Key Board Decision	**Equity Release Securitisation Restructuring**
Link to strategic priorities	**How the Board reached its decision**
Optimising our in-force business	CONSIDERATION OF S172 MATTERS As part of wider Group activity to externally securitise ERM assets held elsewhere in the Group, the Board considered a proposal to restructure a tranche of ERM loans held in another Group special purpose vehicle ("SPV") into that of the Company. In considering the proposal, the Board explored the likely long-term consequences of proceeding with the transaction, specifically reviewing the impact on the Company's cashflow and noting that the "post-restructure" position was broadly consistent with that prior to any transaction. As part of ensuring business conduct standards were maintained at the highest level, the Board noted that the intention to undertake the restructuring had been shared with the regulator and that no objection had been raised in this regard. These discussions also supported positive relationships with the Group's regulator. The Board also recognised that the restructuring into the Company of loans held elsewhere in the Group, supported wider Group ambition in relation to equity release activity, thereby supporting ongoing positive business relationships within the Group.
Outcome	Following due consideration of the matters set out in section 172, the Board approved the purchase of ERM loans held in the other Group SPV.

Example Key Board Decision	Approval of the Annual Accounts for the year ended 31 December 2023 ("YE23 accounts")
Link to strategic priorities	**How the Board reached its decision**
Optimising our in-force business	CONSIDERATION OF S172 MATTERS As part of the year end accounts approval process, the Board considered whether the expectation that the Company would continue in operational existence for the foreseeable future was appropriate. Such consideration enabled the Board to reach a decision to approve the YE23 accounts, within which a going concern statement was included (relied upon by other assessing the business). The long term impact of the decision to approve the YE23 accounts therefore included the potential reliance of those reading the accounts on the going concern statement, which the Board considered to be relevant and accurate. As part of the same approval process, the Board also noted that the financial statements had been subject to external audit, the outcome of which could, again, be used by those assessing the business to determine whether the Company had maintained high standards of business conduct.
Outcome	Following due consideration of the matters set out in section 172, the Board approved the YE23 accounts.

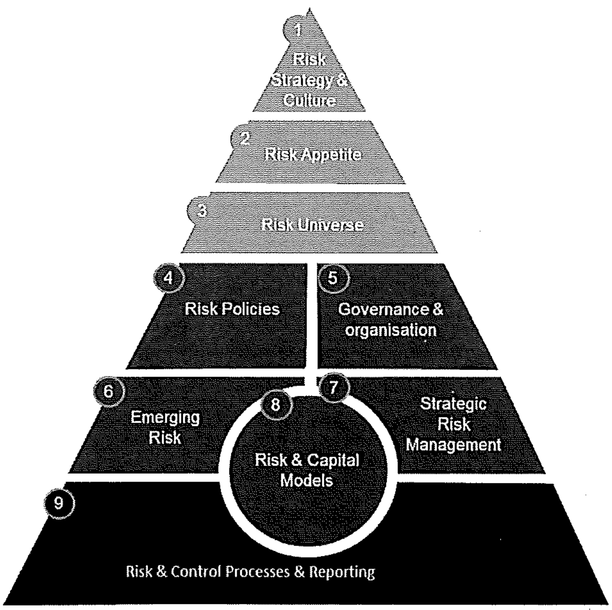
Business relationships with customers
Customer matters are key for the Company and play a significant part of the rationale for decision-making that takes place. Board papers require authors to consider and provide detail relating to the potential impact of proposals on customers, ensuring that the Board is able to pay due regard to such matters.

Business relationships with Partners/Suppliers
The Service Companies within the Group are the principal leads on maintaining relationships with suppliers with respect to their contractual obligations.

Energy and carbon reporting
Energy and Carbon usage information is disclosed in the Group's annual report and accounts and accordingly the Company has not reported on this in these individual financial statements.

Risk management framework
The Company adopts the Group's Risk Management Framework ("RMF"). The Group's RMF embeds proactive and effective risk management. It seeks to ensure that all material risks are identified, assessed, controlled monitored and managed within approved risk appetites and reported through agreed governance routes in line with delegated authorities. The Group's RMF is aligned to the principles and guidance in ISO 31000 Risk Management standards.

The nine components of the Group's RMF are illustrated in the diagram below. Further details on each component are outlined in the Strategic Report of the Group's Annual Report and Accounts 2024.



Principal risks and uncertainties

The 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 detailed in note 18 of the financial statements.

Key Performance Indicators ("KPIs")

Given the 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.

On behalf of the Board

DocuSigned by:
Reto Angliker
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R Angliker
Director

17 December 2025

Directors' report

Going concern
The principal activity of the Company was to hold the beneficial interest in a portfolio of ERM on behalf of its parent company PLL. Given that the Company no longer performs this activity, the Directors consider that the company has ceased trading and as a result the Financial Statements have been prepared on an 'other than going concern' basis'.

No valuation changes have arisen as a result of preparing the financial statements on this basis.

Directors
The names of those individuals who served as Directors of the Company during the period or who held office as at the date of signature of this report are as follows:

R Angliker	(appointed 1 April 2024)
C A Baker	(resigned 28 April 2024)
A J Fenlon	(appointed 1 April 2024 – resigned 27 October 2025)
J J Grainger	(appointed 1 April 2024)
P Mayes	(resigned 31 March 2024)
B Meaney	(resigned 9 April 2024)
R Sheriff	(resigned 8 April 2024)

Secretary
Pearl Group Secretariat Services Limited acted as Secretary throughout the period.

Matters disclosed in strategic report
The Directors' duties section of the strategic report covers stakeholder engagement. Any dividends paid or proposed are also disclosed in the strategic report.

Financial instruments
Details of the Company's financial risk management objectives and policies in respect of its use of financial instruments are included in note 18 to the financial statements.

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 period 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 is unaware, 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 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

On 30 October 2024, Ernst & Young LLP resigned as auditors having reached the maximum period of service for an auditor of a Public Interest Entity under the mandatory auditor rotation requirements for another company within the Group.

In accordance with section 485 of the Companies Act 2006, KPMG LLP were appointed auditors to the Company for the year ended 31 December 2024, following a Group-wide selection process carried out in accordance with section 485B of the Companies Act 2006. The appointment of KPMG LLP as auditor of the Company was approved by the Board.

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

DocuSigned by:

Reto Angliker

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R Angliker

Director

17 December 2025

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK adopted international accounting standards and applicable law.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Phoenix ER6 Limited

Opinion

We have audited the financial statements of Phoenix ER6 Limited ("the Company") for the year ended 31 December 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows,, and related notes, including the accounting policies in note 1.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at [date] and of its [profit]/[loss] for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud
To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud to provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring with management and inspection of policy documents as to the high-level policies and procedures of the Phoenix Group Holdings plc (of which the company is ap art) to prevent and detect fraud, including the Financial Crime Prevention Policy, Speak Up Risk Policy, as well as whether they have any knowledge of any actual or suspected fraud.
- Reading Group Board minutes.
- Using analytical procedures to identify and unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that the Company management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because of the nature of the Company and lack of pressure on management to achieve a revenue target.

We did not identify any additional fraud risks.

We performed procedures including:

Identifying journal entries to test based on risk criteria and comparing identified entries to supporting documentation. This included searching for those journals containing unusual combinations of debits and credits, entries created or posted by individuals that do not typically create orpost journal entries, entries with same preparer and reviewer and entries identified as a significant transaction.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

K. G. Pountney

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

17 December 2025

Statement of comprehensive income
for the year ended 31 December 2024

	Notes	2024 £000	2023 £000
Revenue			
Net investment income	3	34,329	27,666
Net income		34,329	27,666
Administrative expenses	4	(1,079)	(652)
Total operating expenses		(1,079)	(652)
Profit before finance costs and tax		33,250	27,014
Finance costs	7	(33,250)	(27,014)
Profit for the year before tax		-	-
Tax charge	8	-	-
Profit for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

The accompanying notes on pages 16 to 26 are an integral part of these financial statements.

Statement of financial position
As at 31 December 2024

	Notes	As at 31 December 2024 £000	As at 31 December 2023 £000
Assets			
Financial assets			
Loans and receivables	9	-	808,804
Collective investment schemes	10	-	4,560
		-	813,364
Deferred tax	12	-	1,556
Other receivables	13	-	8
Cash and cash equivalents		1,193	1,642
Total assets		1,193	816,570
Equity			
Share capital	14	-	-
Retained earnings		-	-
Total equity		-	-
Liabilities			
Financial liabilities	15	-	814,878
Other payables	16	1,193	1,692
Total liabilities		1,193	816,570
Total equity and liabilities		1,193	816,570

The accompanying notes on pages 16 to 26 are an integral part of these financial statements.

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Reto Angliker
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R Angliker
Director

On behalf of the Board

17 December 2025

Company registration number 12139423

Statement of changes in equity
for the year ended 31 December 2024

	Share capital (note 14) £000	Retained earnings £000	Total £000
At 1 January 2024	-	-	-
Total comprehensive income for the year	-	-	-
At 31 December 2024	-	-	-

	Share capital (note 14) £000	Retained earnings £000	Total £000
At 1 January 2023	-	-	-
Total comprehensive income for the year	-	-	-
At 31 December 2023	-	-	-

The accompanying notes on pages 16 to 26 are an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2024

	Notes	2024 £000	2023 £000
Cash flows from operating activities			
Cash (absorbed by) / generated from operations	17	(449)	1,446
Net cash flows from operating activities		(449)	1,446
Net (decrease) / increase in cash and cash equivalents		(449)	1,446
Cash and cash equivalents at the beginning of the year		1,642	196
Cash and cash equivalents at the end of the year		1,193	1,642

The accompanying notes on pages 16 to 26 are an integral part of these financial statements.

Notes to the financial statements

1. Accounting policies

(a) Basis of preparation

The financial statements for the year ended 31 December 2024, set out on pages 12 to 26, were authorised by the Board of Directors for issue on 16 December 2025.

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006.

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.

The financial statements are presented in sterling (£) rounded to the nearest £000 except where otherwise stated.

The Company presents its Statement of financial position in order of liquidity. An analysis regarding recovery or settlement more than twelve months after the period end is presented in the notes.

Going concern

The principal activity of the Company was to hold the beneficial interest in a portfolio of ERM on behalf of its parent company PLL. Given that the Company no longer performs this activity, the Directors consider that the company has ceased trading and as a result the Financial Statements have been prepared on an 'other than going concern' basis'.

No valuation changes have arisen as a result of preparing the financial statements on this basis.

Statement of compliance

The financial statements have been prepared in accordance with UK adopted international accounting standards.

(b) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Disclosures of judgements made by management in applying the Company's accounting policies include those that have the most significant effect on the amounts that are recognised in the Company's financial statements. Disclosures of estimates and associated assumptions include those that have a significant risk of resulting in a material change to the carrying value of assets and liabilities within the next year. 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 areas of the Company's business that typically require such estimates are the determination of the fair value of financial assets and liabilities and income taxes.

Fair value of financial assets and liabilities

The fair values of financial assets and liabilities are classified and accounted for as set out in accounting policy (c). Financial instruments' valuations where the valuation techniques are based on non-observable inputs are categorised as Level 3 financial instruments. Level 3 financial instruments therefore involve the use of estimates and note 11 provides further details of methodology and assumptions used to determine fair values.

In relation to the Level 3 financial instruments, sensitivity analysis is performed in respect of the key non-observable assumptions used in the valuation of these financial instruments. The details of this sensitivity analysis are included in note 11.

Income taxes

Deferred tax assets are recognised to the extent that they are regarded as recoverable, that is to the extent that, on the basis of all the available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which the losses can be relieved. The UK taxation regime applies separate rules to trading and capital profits and losses. The distinction between temporary differences that arise from items of either a capital or trading nature may affect the recognition of deferred tax assets.

The accounting policy for income taxes (both current and deferred taxes) is discussed in more detail in accounting policy (d).

(c) Financial assets and liabilities
Financial assets and liabilities are designated upon initial recognition at fair value through profit or loss when doing so results in more meaningful information because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Company's key management personnel.

All changes in the fair value of the financial assets and liabilities are recognised in the Statement of Comprehensive Income.

The Company has designated all its financial assets and liabilities at fair value through profit and loss.

Fair value estimation
The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques such as discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on contractual cash flows using current market conditions and market calibrated discount rates and interest rate assumptions for similar instruments.

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

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. 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.

(e) Income recognition

Net investment income
Net investment income comprises interest, dividends and fair value gains and losses on financial assets and liabilities.

Interest income is recognised as income in the Statement of comprehensive income as it accrues using the effective interest method. Dividend income is recognised as income in the Statement of comprehensive income on the date the right to receive payments is established, which in the case of listed securities is the ex-dividend date.

Fair value gains and losses on financial assets and liabilities designated at fair value through profit or loss are recognised as income or expense in the Statement of comprehensive income. Realised gains and losses are the difference between the net sale proceeds and the original cost. Unrealised gains and losses are the difference between the valuation at the period end and their valuation at the previous period end or purchase price, if acquired during the year.

(f) Expenses recognition
Finance costs
Interest payable is recognised as an expense in the Statement of comprehensive income as it accrues and is calculated by 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

Adoption of New Accounting Pronouncements in 2024

In preparing the financial statements, the Company has adopted the following amendments to standards effective from 1 January 2024 and which have been endorsed by the UK Endorsement Board ('UKEB'):

- Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1).

None of the above amendments are considered to have a significant impact on the Company's financial statements or accounting policies. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New Accounting Pronouncements Not Yet Effective

The International Accounting Standards Board (IASB) has issued the following standards or amended standards and interpretations which apply from the dates shown. The Company has decided not to early adopt any of these standards, amendments, or interpretations where this is permitted.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (1 January 2026): The IASB issued targeted amendments to IFRS 9 (Financial Instruments) and IFRS 7 (Financial Instruments: Disclosures) to respond to recent questions arising in practice. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ('SPPI') criterion.
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income ('FVOCI').

The amendments are not expected to have a material impact on the financial statements of the Company.

IFRS 19 Subsidiaries without Public Accountability (1 January 2027): IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. The Group is assessing the impact to the reporting of its subsidiaries, including the Company. It is not currently expected that this standard will have an impact on the financial statements of the Company.

IFRS 18 Presentation and Disclosure in Financial Statements (1 January 2027): The new standard will replace IAS 1 Presentation of financial statements, introducing new requirements for the structure and content of financial statements , including improved disaggregation of income and expenses , and enhanced guidance on management-defined performance measures that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Its effects are expected to be pervasive. During 2025 the Company will carry out a detailed impact assessment to identify the actions required and any impacts. The Company will apply the standard from its mandatory effective date of 1 January 2027. Retrospective application is required and so comparative information for the financial year ending 31 December 2026 will be restated, where required, in accordance with IFRS 18. Reconciliations for each line item affected will be provided.

The following amendments to standards listed above have been endorsed for use in the UK by the UK Endorsement Board:

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 (Financial Instruments) and IFRS 7 (Financial Instruments: Disclosures).

3. Net investment income

	2024 £000	2023 £000
Investment income		
Interest income on financial assets designated at fair value through profit or loss	43,935	33,773
Dividend income	693	97
	44,628	33,870
Fair value (losses) / gains on items at fair value through profit or loss		
Financial assets	14,723	6,000
Financial liabilities	(25,022)	(12,204)
	(10,299)	(6,204)
Net investment income	34,329	27,666

4. Administrative expenses

	2024 £000	2023 £000
Investment management expenses	1,079	652

The Company has no employees (2023: none). Administrative services are provided by Phoenix Group Management Services Limited (formerly known as Pearl Group Management Services Limited) ("PGMS"), a fellow group company.

5. Directors' remuneration

The Directors are employed by another Group company. The Directors received no remuneration in respect of their services to the Company.

6. Auditor's remuneration

During the financial year ended 31 December 2024, KPMG LLP acted as the Company's external auditor.

In 2024 auditors' remuneration amounted to £17,000 (2023: £16,000) in respect of the audit of the Company's financial statements. Auditors' remuneration for services other than the statutory audit of the Company are not disclosed in the Company's financial statements since the consolidated financial statements of Phoenix Group Holdings plc, the Company's ultimate controlling party, are required to disclose fees in respect of non-audit services on a consolidated basis. There were no non-audit services provided to the Company in the current year (2023: none).

The audit fee has been borne by PLL, the immediate parent company.

7. Finance costs

	2024 £000	2023 £000
Interest expense		
On financial liabilities at fair value through profit or loss	33,250	27,014

8. Tax charge

Current year tax (credit)/charge	2024 £000	2023 £000
Current tax:		
UK Corporation tax	-	1,458
Adjustment in respect of prior periods	(1,556)	-
Total current tax	(1,556)	1,458
Deferred tax:		
Origination and reversal of temporary differences	-	(1,458)
Adjustment in respect of prior periods	1,556	-
Total deferred tax	1,556	(1,458)
Total tax charge	-	-

Reconciliation of tax charge	2024 £000	2023 £000
Profit for the year before tax	-	-
Tax at standard UK rate of 25.0% (2023: 23.5%)	-	-
Total tax charge	-	-

The Group is continuing to monitor developments in relation to the G20-OECD Inclusive Framework "Pillar Two" rules, as the Group is within the scope of the rules from 1 January 2024. Broadly, these rules seek to ensure that, on a jurisdiction-by-jurisdiction basis, large multinational enterprises pay a minimum tax rate of 15% on worldwide profits arising after 31 December 2023.

In May 2023, the scope of IAS 12 was amended to clarify that the standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The Company confirms that it has applied this exception during the period.

9. Loans and receivables

	2024 £000	2023 £000
Loans and receivables	-	808,804
	-	808,804
Amounts recoverable after 12 months	-	756,644

Loans and receivables comprised amounts due from PLL, the immediate parent company. On 7 December 2022, 15 March 2023 and 16 November 2023, the beneficial interest in £300m, £182m and £314m (respectively) of ERM loans was transferred to the Company from PLL. On the same dates, the Company issued Fixed Rate and Junior Loan Notes to PLL as consideration for the transfer of beneficial interest in ERM loans (note 15).

On 4 December 2024, the Company transferred its entire ERM portfolio valued at £838m to PLL in return for the redemption of all outstanding Fixed Rate and Junior Loan Notes.

10. Collective investment schemes

	2024 £000	2023 £000
Collective investment schemes	-	4,560
	-	4,560

Collective investment schemes: Structured entities
A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements.

The Company has determined that its investments in Collective investment schemes as presented on the face of the Statement of Financial Position are structured entities. These investments are in liquidity funds (specifically a Short Term Variable Net Asset Value Money Market fund) which are held for the purpose of managing liquidity and are managed together with the Company's cash and cash equivalents.

The Company's holdings in these investments are subject to the terms and conditions of the fund's prospectus and are susceptible to market price risk arising from uncertainties about future values. The Company can withdraw assets from the fund immediately. The assets of the fund are invested with the aim to preserve capital whilst providing a return in line with prevailing short term money market interest rates by investing in assets that can be readily purchased and sold in normal market conditions, thus maintaining a high degree of liquidity.

The fund manager is compensated by the fund for their services. Such compensation is calculated as a percentage of the Net Asset Value of the fund and is reflected in the valuation of the fund.

The Company has not provided any non-contractual financial or other support to any structured entities and there are no current intentions to do so.

The Company's maximum exposure to loss to the interests presented above is the carrying amount of the Company's investments. Once the Company has disposed of its shares or units in a fund, it ceases to be exposed to any risk from that fund.

11. Fair Value

Determination of fair value and fair value hierarchy of financial instruments

Collective investment schemes
The Company's interests in collective investment schemes are held at fair value through profit or loss in accordance with accounting policy (c). Any change in fair value is included in the Statement of comprehensive income in 'net investment income'.

The fair value of collective investment schemes is measured by reference to published bid prices. These instruments are generally considered to be quoted in an active market and are therefore categorised as level 1 instruments within the fair value hierarchy.

All the Company's collective investment schemes have been valued using standard market pricing sources.

Loans and receivables and financial liabilities
The fair value of the Company's loans and receivables and financial liabilities are determined by valuation techniques using non market observable inputs and are based on internally developed discounted cash flow models using a risk adjusted discount rate corroborated with external market data where possible. As such, these instruments are classified in level 3 of the fair value hierarchy.

Level 3 financial instrument sensitivities

Loans and receivables with a fair value of £nil (2023: £809m), relate to underlying ERM loans as described in note 9. The loans are valued using a discounted cash flow model and a Black Scholes model for valuation of the No Negative Equity Guarantee ("NNEG"). The NNEG caps the loan repayment in the event of death or entry into long-term care to be no greater than the sales proceeds from the property.

The future cash flows are estimated based on assumed levels of mortality derived from published mortality tables; entry into long term care rates and voluntary redemption rates. Cash flows include an allowance for the expected cost of providing a NNEG assessed under a real world approach using a closed form model including an assumed level of property value volatility. For the NNEG assessment, property values are indexed from the latest property valuation point and then assumed to grow in line with an RPI based assumption thereafter.

Cash flows are discounted using a risk free curve plus a spread, where the spread is based on recent originations, with margins to allow for the different risk profiles of ERM loans. The key non-market observable input is the voluntary redemption rate, for which the assumption varies by the origin and term of the loan. Experience analysis is used to inform this assumption, however where experience is limited for more recently originated loans, significant expert judgement is required.

Significant inputs	**Key unobservable input value**	
	2024	**2023**
Spread	Average 1.2% over SONIA swap curve + 36bps	Average 1.95% over SONIA swap curve + 36bps
Mortality	Based on published tables Adjusted PCA00	Based on published tables Adjusted PCA00
Voluntary redemption rate	1.9% to 4.0%	1.9% to 6.5%

All the Company's loans and receivables were transferred to PLL during the year. The key valuation sensitivities as at 31 December 2023 were:

- An increase of 1% in the discount rate would decrease the value by £73m.
- A decrease of 1% in the discount rate would increase the value by £78m.
- An increase of 1% in the house price inflation would increase the value by £18m.
- A decrease of 1% in the house price inflation would decrease the value by £25m.
- An increase of 10% in house prices would increase the value by £11m.
- A decrease of 10% in house prices would decrease the value by £16m.
- An increase of 5% in mortality rates would increase the value by £2m.
- A decrease of 5% in mortality rates would decrease the value by £2m.
- An increase of 15% in the voluntary redemption rate would increase the value by £6m.
- A decrease of 15% in the voluntary redemption rate would decrease the value by £6m.

Financial liabilities comprise of Fixed Rate and Junior Loan Notes issued by the Company to PLL as consideration for beneficial interest in the equity release mortgages. The valuation of such loan notes are linked to the fair value of the underlying equity release mortgages. The impact of key valuation sensitivities would therefore substantially mirror the impact in financial assets and net equity would remain substantially unchanged.

Movement in level 3 financial instruments measured at fair value

	At 1 January 2024 £000	Additions £000	Redemptions / Settlements £000	Transfer to PLL £000	Total amount recognised in Statement of comprehensive income £000	At 31 December 2024 £000
Financial assets designated at fair value through profit or loss upon initial recognition: Loans and receivables	808,804	1,501	(31,358)	(837,558)	58,611	-
Financial liabilities designated at fair value through profit or loss upon initial recognition: Fixed Rate and Junior Loan Notes	(814,878)	-	66,595	806,555	(58,272)	-

	At 1 January 2023 £000	Additions £000	Redemptions / Settlements £000	Transfer to PLL £000	Total amount recognised in Statement of comprehensive income £000	At 31 December 2023 £000
Financial assets designated at fair value through profit or loss upon initial recognition: Loans and receivables	283,139	497,319	(11,397)	-	39,743	808,804
Financial liabilities designated at fair value through profit or loss. upon initial recognition: Fixed Rate and Junior Loan Notes	(283,884)	(496,329)	4,552	-	(39,217)	(814,878)

Revaluation gains and losses on Level 3 financial instruments are included as income or an expense in net investment income in the Statement of comprehensive income. Interest income is also recognised in net investment income, while interest paid is recognised in finance costs in the Statement of comprehensive income. There were no gains or losses recognised in other comprehensive income.

12. Tax assets and liabilities

The balances at 31 December comprise:

	2024 £000	2023 £000
Deferred Tax		
Deferred tax asset	-	1,556

Movement in deferred tax assets

Year ended 31 December 2024

	At 1 January 2024 £000	Recognised in the Statement of comprehensive income £000	At 31 December 2024 £000
Provisions and other temporary differences	1,556	(1,556)	-
	1,556	(1,556)	-

Year ended 31 December 2023

	At 1 January 2023 £000	Recognised in the Statement of comprehensive income £000	At 31 December 2023 £000
Provisions and other temporary differences	98	1,458	1,556
	98	1,458	1,556

As a result of the transaction in the period, the deferred tax has reversed. As such, there is no closing deferred tax balance recognised in the financial statements.

13. Other receivables

	2024 £000	2023 £000
Other receivables	-	8
Amount due for settlement after 12 months	-	-

14. Share capital

	2024 £000	2023 £000
Issued and fully paid: 1 ordinary share (2023: 1) of £1 each	-	-

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.

15. Financial liabilities

	2024 £000	2023 £000
At 31 December		
Fixed Rate Loan Notes	-	772,941
Junior Loan Notes	-	41,937
	-	814,878
Amount due for settlement after 12 months	-	800,187

On 7 December 2022, 15 March 2023 and 16 November 2023, the Company issued Fixed Rate and Junior Loan Notes to PLL amounting to £300m, £182m and £314m respectively, as consideration for the beneficial interest in ERM loans included in Loans and receivables (note 9).

The Fixed Rate Loan Notes accrue interest based on a fixed schedule of cash flows, and are repayable annually from 31 October 2022, with final maturity dates ranging from 31 October 2063 to 31 October 2069. The Junior Loan Notes pay interest to the extent that surplus funds are available on the specified dates and have a long stop repayment date of the 60th anniversary of the issue of the notes.

On 4 December 2024, the Company transferred its entire ERM portfolio to PLL. On the same date, all outstanding Fixed Rate and Junior Loan Notes were settled in full.

Market calibration of the equity release mortgage loans has been undertaken and no additional illiquidity premium (over and above what is already included within the spread of comparator assets) is required and therefore is not included.

16. Other payables

	2024 £000	2023 £000
Amounts due to parent company	1,193	81
Amounts due to fellow group companies	-	152
Other payables	-	1,459
	1,193	1,692
Amount due for settlement after 12 months	-	-

17. Cash flows from operating activities

	2024 £000	2023 £000
Cash flows from operating activities		
Profit for the year before tax	-	-
Non-cash movements in profit for the year before tax:		
Fair value gains on financial assets	(14,723)	(6,000)
Fair value losses on financial liabilities	25,022	12,204
Interest income on loans and receivables	(43,935)	(33,773)
Interest expense	33,250	27,014
Changes in operating assets and liabilities:		
Decrease/(increase) in financial assets	872,022	(490,452)
Decrease/(increase) in other receivables	1,564	(886)
(Decrease)/increase in financial liabilities	(872,684)	491,776
(Decrease)/increase in other payables	(965)	1,563
Cash (absorbed by)/generated from operations	(449)	1,446

The cash flow has been prepared using the indirect method.

18. Risk management

The Company is exposed to a number of risks in its business including those arising from underlying assets and liabilities. The Company complies with the Group approach to risk management, which is described in the Phoenix Group Holdings annual report and accounts.

Risk and capital management objectives
The risk management objectives of the Company are based on the requirement to ensure the Company can meet various cash flow requirements, principally the Fixed Rate and Junior Loan Notes issued by the company. For the purposes of risk identification and measurement, risks are usually grouped by risk type: financial risk, customer risk and operational risk.

Following the transfer of its entire ERM portfolio, the Company is no longer exposed to financial risk, customer risk and operational risk.

Credit risk
The Company has exposure to credit risk with PLL mainly as a result of the remaining payables due (see note 16). The amount disclosed in the Statement of financial position in respect of financial assets represents the Company's maximum financial exposure to credit risk.

Climate risk
Climate risk is defined as the risk of reductions in earnings and/or value related to the transition to a low carbon economy, and the physical impacts of climate change. This risk is treated as a cross-cutting risk which impacts all areas of the Risk Universe.

Identification of climate related risks has been embedded into the Group's RMF, which applies to the Company. Significant progress has been made in recent years in developing a risk metrics and targets framework, and establishing appropriate governance and risk management processes.

The Group has adopted a proactive approach towards combatting climate change. Key targets include a 2050 net zero carbon commitment for its investment portfolio, and interim decarbonisation targets for 2025 and 2030. Further details on managing the related climate change risks are provided in the Task Force for Climate-related Financial Disclosures ("TCFD") within the Group's 2024 Annual Report and Accounts.

19. Related party transactions

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

	2024 £000	2023 £000
Amounts due from related parties		
Loans and receivables due from parent (note 9)	-	808,804
Amounts due to related parties		
Amounts due to parent (note 15/16)	1,193	814,959
Other amounts due to fellow subsidiaries (note 16)	-	152
Amounts charged by related parties		
Interest charged on financial liabilities owed to parent (note 7)	33,250	27,014
Commitment fee on liquidity facility charged by parent	65	60

On 7 December 2022, 15 March 2023 and 16 November 2023, the Company issued Fixed Rate and Junior Loan Notes to PLL amounting to £300m, £182m and £314m respectively, as consideration for the beneficial interest in ERM loans included in Loans and receivables (note 9).

PLL provides the Company with a short term liquidity facility of £25m. No borrowings were made during the year in respect of the arrangements (2023: none).

Key management compensation
The compensation payable to employees classified as key management, which comprises the Directors, is disclosed in note 5. During the period to 31 December 2024, key management and other family members had no transactions with the Company.

Parent and ultimate parent entity
Information on the Company's parent and ultimate parent is given in note 20.

20. Other information

The Company's principal place of business is the United Kingdom. The Company's immediate parent is Phoenix Life Limited and its ultimate parent is Phoenix Group Holdings plc, a company incorporated in England and Wales. Copies of the Phoenix Group Holdings plc consolidated financial statements can be obtained from their company website, www.thephoenixgroup.com.