PHOENIX ER4 LIMITED

Company Registration Number: 11121610

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2022

Contents **Page**

Strategic report

The Directors present the Strategic report, their Report and the financial statements of Phoenix ER4 Limited ("the Company") for the year ended 31 December 2022.

The Company is incorporated in England & Wales as a private limited company. Its registration number is 11121610 and its registered office is 1 Wythall Green Way, Wythall, Birmingham, B47 6WG.

The financial statements of the Company have been prepared in accordance with 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 has acquired the beneficial interest in a portfolio of residential ERM loans from PLL, against which the Company has issued Fixed Rate and Junior Loan Notes which incur interest, as consideration to PLL.

During 2021 the Group restructured its ERM loan associated securitisations. On 10 November 2021, all of the Company's remaining beneficial interest in ERM loans was transferred to PLL. All outstanding Fixed Rate and Junior Loan Notes, originally granted to PLL as consideration for the transfer of the ERM loans on 27 February 2018, and associated accrued interest were also redeemed in consideration.

Additionally, on 10 November 2021, the Company acquired the beneficial interest in a portfolio of ERM from PLL valued at £1,542m as part of the restructure, against which the Company issued Fixed Rate and Junior Loan Notes which incur interest, as consideration to PLL.

The Company has no employees.

Climate change: activity in the year and future developments

Climate change is one of the greatest global challenges we face today. The Group's ambition is to be a net zero business by 2050 and we believe the Group has a significant role to play in helping to address the climate emergency and accelerating the transition to a net zero economy.

On 9 February 2022 the Bank of England launched the second round of the Climate Biennial Exploratory Scenario ('CBES') exercise, which is designed to assess the financial risks arising from climate change. Round 2 of the CBES was completed during 2022, on a consolidated basis including the Company, exploring the strategic responses to the three scenarios and the associated implications for business models.

The Group is engaging with partners to boost impacts by working collaboratively to deliver cross-sector change and thought leadership. The Group joined the Net Zero Asset owners alliance in May 2021, the Partnership for Carbon Accounting Financials UK in June 2021 and signed up to the Taskforce on Nature-related Financial Disclosures in November 2021.

The Company seeks to follow and apply policy and strategy set by the Group to ensure it can contribute and help the Group meet its targets.

More information can be found in note 18 and in the Group's Annual Report and Accounts and standalone Sustainability Report in line with the Task Force on Climate-related Financial Disclosures recommendations.

Result and dividends

The results of the Company for the year are shown in the statement of comprehensive income on page 11. The profit before tax was £nil (2021: £nil).

No dividends were paid during the year (2021: £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 requires each director of a company to act in the way he or she considers, 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 Companies Act 2006 in a manner consistent with the overall purpose, values and strategic priorities of the Group. When considering issues of strategic importance, and making key decisions about the Company (or those that impact the wider Group), the directors have acted in a way which they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole.

The Board recognises that a company's stakeholders are integral to its success. During the year, the Company's directors ensured that considerations and decision-making processes took into account their impact on its own stakeholders, namely:

- the Company's immediate parent, PLL, which securitises ERM loans into the Company and on behalf of whom the Company holds the 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;
- any employees engaged by the Company via service companies within the Group.

Significant decisions that show how the Board considered relevant matters set out in section 172 are outlined in the table below, demonstrating how the directors of the Company have carried out their duties under section 172 of the Companies Act 2006 during the year ended 31 December 2022.

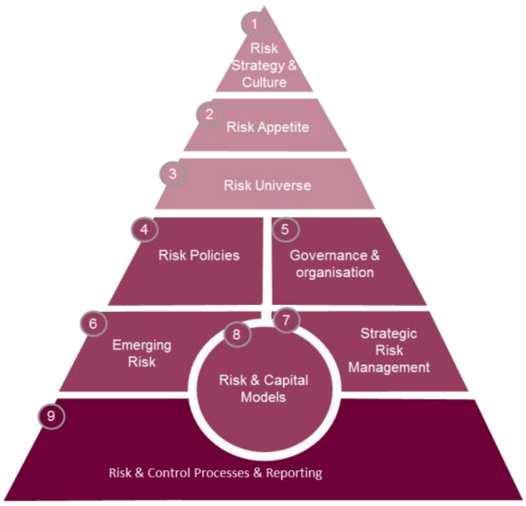
KEY BOARD DECISION	**Approval of YE21 Annual Accounts**
STRATEGIC IMPORTANCE Optimising our in-force business	CONSIDERATION OF S172 MATTERS **Likely consequences of any decisions in the long term** As part of the year end accounts approval process, the Board considered whether the expectation that the Company would continue in operational existence for the foreseeable future was appropriate. Such consideration enabled the Board to reach a decision to approve the YE21 accounts, within which a going concern statement was included (relied upon by others assessing the business). The long-term impact of the decision to approve the YE21 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. **Maintaining a reputation for high standards of business conduct** Prior to approving the YE21 accounts, the Board received a supporting report prepared by the Financial Reporting team, which included the going concern assumption. It also reviewed the outcome of an external audit of the accounts.
OUTCOME	Following due consideration of the matters set out in section 172, the Board approved the YE21 accounts.

In order to support the board's consideration of the matters set out in section 172 (1) (a)-(f) each proposal submitted to the board must include detail about directors' duties including those set out above.

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 2022.



Principal risks and uncertainties

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:
Kerry McDermott
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Kerry McDermott
For and on behalf of Pearl Group Secretariat Services Limited
Company Secretary

10 August 2023

Directors' report

Going concern

The Strategic report and the Directors' report summarise the Company's activities, its financial performance and its financial position together with any factors likely to affect its future development. In addition, the Strategic Report discusses the principal risks and uncertainties it faces. Note 18 to the financial statements summarises the Company's risk management objectives and policies together with its financial risks.

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 (April 2016)"* when performing their going concern assessment. As part of their comprehensive assessment of whether the Company is a going concern, the Directors have prepared cash flow forecasts for the Company for the period to 30 September 2024.

The Company had £91m of cash and liquidity funds at 31 December 2022 and £141m (unaudited) at 30 June 2023. The Company also has access to a pre-agreed liquidity facility of £100m from PLL. The Company's liquidity position is monitored monthly and regular reviews are undertaken to identify cash flow requirements. The Company's forecasts show it has sufficient liquidity to meet its liabilities as they fall due over the going concern period to 30 September 2024.

As a result of this review, the Directors believe the Company has adequate resources to continue in operational existence over the going concern period assessed up to 30 September 2024. Accordingly, they 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:

C A Baker
P Mayes
B Meaney (appointed 31 December 2022)
A Moss (resigned 31 December 2022)
R Sheriff

Secretary

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

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.

Statement on Business Relationships

- **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 Phoenix Group Holdings plc are the principal leads on maintaining relationships with suppliers.

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.

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 year and remain in place at the date of approval of this report.

Disclosure of information to auditor

So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor 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
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

DocuSigned by:
Kerry McDermott
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Kerry McDermott
For and on behalf of Pearl Group Secretariat Services Limited
Company Secretary

10 August 2023

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report and the Company's 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 UK adopted international accounting standards. 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 UK adopted international accounting standards 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 UK adopted international accounting standards 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 UK adopted international accounting standards, 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 Phoenix ER4 Limited

Opinion

We have audited the financial statements of Phoenix ER4 Limited for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the related notes 1 to 20 (except for that element of note 1, which is marked as unaudited), including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its results 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 30 September 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are direct laws and regulations related to elements of Company law and tax legislation, and the financial reporting framework.
- We understood how the company is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters. We also reviewed minutes of the Board, gaining an understanding of the company's approach to governance having regard to the overall Phoenix Group's governance framework, risk management framework ('RMF') and internal control processes which are applied consistently throughout the Group.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company has established to address risks identified by the entity, or that otherwise seek to prevent, deter, or detect fraud. Our procedures over the company's control environment included assessment of the controls in place within the company and the Outsource Service Provider ('OSPs').
- Based on this understanding we designed out audit procedures to identify no compliance with such laws and regulators. Our procedures involved:
    - Making enquiries of those charged with governance and senior management for their awareness of any non-compliance of laws and regulations
    - Enquiring about the policies that had been established to prevent non-compliance with laws and regulations by officer and employees
    - Enquiring about the company's methods of enforcing and monitoring compliance with such policies.
    - Testing the appropriateness of journal entries recorded in the general ledger, with a focus on manual journals and evaluating the business rationale for significant and/or unusual transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

DocuSigned by:

Ernst & Young LLP

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Joseph Warrender (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

11 August 2023

Statement of comprehensive income
for the year ended 31 December 2022

	Notes	2022 £000	2021 £000
Revenue			
Net investment income	3	35,162	21,120
Net income		35,162	21,120
Administrative expenses	4	(3,557)	(1,693)
Total operating expenses		(3,557)	(1,693)
Profit before finance costs and tax		31,605	19,427
Finance costs	7	(31,605)	(19,427)
Profit for the year before tax		-	-
Tax charge	8	-	-
Profit for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

Statement of financial position
as at 31 December 2022

	Notes	As at 31 December 2022 £000	As at 31 December 2021 £000
Assets			
Financial assets			
Loans and receivables	9	1,060,003	1,553,554
Collective investment schemes	10	79,139	20,294
		1,139,142	1,573,848
Deferred tax	12	8,716	1,636
Cash and cash equivalents		11,637	23,853
Other Receivables	13	-	2,775
		20,353	28,264
Total assets		1,159,495	1,602,112
Equity			
Share capital	14	-	-
Retained earnings		-	-
Total equity		-	-
Liabilities			
Financial liabilities	15	1,148,545	1,600,456
Other payables	16	10,950	1,656
Total liabilities		1,159,495	1,602,112
Total equity and liabilities		1,159,495	1,602,112

On behalf of the Board

DocuSigned by:

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R Sheriff
Director

10 August 2023

Statement of changes in equity
for the year ended 31 December 2022

	Share capital (note 14) £000	Retained earnings £000	Total £000
At 1 January 2022	-	-	-
Total comprehensive income for the year	-	-	-
At 31 December 2022	-	-	-

	Share capital (note 14) £000	Retained earnings £000	Total £000
At 1 January 2021	-	-	-
Total comprehensive income for the year	-	-	-
At 31 December 2021	-	-	-

Statement of cash flows
for the year ended 31 December 2022

	Notes	2022 £000	2021 £000
Cash flows from operating activities			
Cash (absorbed by) / generated from operations	17	(12,216)	20,849
Net cash flows from operating activities		(12,216)	20,849
Net (decrease)/increase in cash and cash equivalents		(12,216)	20,849
Cash and cash equivalents at the beginning of the year		23,853	3,004
Cash and cash equivalents at the end of the year		11,637	23,853

Notes to the financial statements

1. Accounting policies

(a) Basis of preparation
The financial statements for the year ended 31 December 2022, set out on pages 11 to 26 were authorised by the Board of Directors for issue on 10 August 2023.

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.

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 broadly 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
When performing their going concern assessment, the Directors have considered cash flow forecasts for the Company for the period to 30 September 2024.

The Company had £91m of cash and liquidity funds at 31 December 2022 and £141m (unaudited) at 30 June 2023. The Company also has access to a pre-agreed liquidity facility of £100m from Phoenix Life Limited ("PLL"). The Company's liquidity position is monitored monthly and regular reviews are undertaken to identify cash flow requirements. The liquidity facility has not been utilised by the Company during the year ended 31 December 2022 and up to the date of approval of these financial statements. The Company's forecasts show it has sufficient liquidity to meet its liabilities as they fall due over the going concern period to 30 September 2024.

Having carried out this assessment, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. Further detail is provided within the Directors' report.

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 2022
In preparing the financial statements, the Company has adopted the following standards, interpretations and amendments effective from 1 January 2022:

- Reference to the Conceptual Framework (Amendments to IFRS 3): In addition to updating references to the conceptual framework with IFRS 3, the amendments also add a requirement for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets to determine whether at the acquisition date a present obligation exists as a result of past events.
- Annual Improvements (2018–2020 Cycle):
    - Subsidiary as a First-time Adopter (Amendments to IFRS 1);
    - Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities (Amendments to IFRS 9);
    - Lease Incentives (Amendments to IFRS 16); and
    - Taxation in Fair Value Measurements (Amendments to IAS 41).

None of the above amendments to standards are considered to have a material effect on these financial statements.

New Accounting Pronouncements Not Yet Effective
The IASB has issued the following new 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.

- Classification of Liabilities as Current and Non-current (Amendments to IAS 1 Presentation of Financial Statements) (1 January 2023): The amendments clarify rather than change existing requirements and aim to assist entities in determining whether debt and other liabilities with an uncertain settlement date should be classed as current or non-current. It is currently not expected that there will be any reclassifications as a result of this clarification.
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements) (1 January 2023): The amendments are intended to assist entities in deciding which accounting policies to disclose in their financial statements and requires an entity to disclose ‘material accounting policy information’ instead of its ‘significant accounting policies’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements. These amendments are not expected to have any impact on the Company.
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors) (1 January 2023): The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are ‘monetary amounts in financial statements that are subject to measurement uncertainty’. The Board has retained the concept of changes in accounting estimates in the Standard by including a number of clarifications. These amendments are not expected to have any impact on the Company.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes) (1 January 2023): The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The IASB expects that the amendments will reduce diversity in reporting and align the accounting for deferred tax on such transactions with the general principle in IAS 12 of recognising deferred tax for temporary differences. These amendments are not expected to have any impact on the Company.

Other new or amended accounting standards issued by the IASB are not considered to have a significant impact on the Company’s financial statements or accounting policies.

3. Net investment income

	2022 £000	2021 £000
Investment income		
Interest income on financial assets designated at fair value through profit or loss	71,374	35,901
Dividend income	1,155	16
	72,529	35,917
Fair value (losses) / gains on items at fair value through profit or loss		
Financial assets	(420,919)	(30,293)
Financial liabilities	383,552	15,496
	(37,367)	(14,797)
Net investment income	35,162	21,120

4. Administrative expenses

	2022 £000	2021 £000
Investment management expenses	3,557	1,693

The Company has no employees. 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 2022, Ernst & Young LLP acted as the Company's external auditor.

In 2022 auditors' remuneration amounted to £15,000 (2021: £10,000) 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 (2021: none).

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

7. Finance costs

	2022 £000	2021 £000
Interest expense		
On financial liabilities at fair value through profit or loss	31,605	19,427

8. Tax charge

The standard rate of UK corporation tax for the accounting period is 19% (2021: 19%).

The UK corporation tax rate is increasing from 19% to 25% with effect from 1 April 2023. This was enacted on 10 June 2021. Deferred tax assets and liabilities, where provided, are reflected using hybrid rates determined by reference to the tax rate in force when the deferred tax items are released.

Current year tax charge/(credit)

	2022 £000	2021 £000
Current tax:		
UK Corporation tax	7,080	1,636
Adjustment in respect of prior years	-	(5,611)
Total current tax	7,080	(3,975)
Deferred tax:		
Origination and reversal of temporary differences	(7,080)	3,975
Total deferred tax	(7,080)	3,975
Total tax charge/(credit)	-	-

Reconciliation of tax charge/(credit)

	2022 £000	2021 £000
Profit for the year before tax	-	-
Tax at standard UK rate of 19% (2021: 19%)	-	-
Adjustment in respect of prior years	-	(5,611)
Non-taxable/deductible fair value movements	-	2,518
Write off of deferred tax on restructuring	-	4,268
Tax rate difference	-	-
Group relief payable at rates other than 19% (2021: 19%)	-	(1,175)
Total tax charge/(credit)	-	-

9. Loans and receivables

	2022 £000	2021 £000
Loans and receivables	1,060,003	1,553,554
	1,060,003	1,553,554
Amounts recoverable after 12 months	878,314	1,378,252

Loans and receivables comprise amounts due from PLL, the immediate parent company.

In 2021, the Group restructured its equity release mortgage (“ERM”) loan associated securitisations. On 10 November 2021, £471m of the Company’s beneficial interest in ERM loans was transferred to its parent, PLL. On the same day, the Company acquired the beneficial interest in a portfolio of ERM from PLL valued at £1,542m as part of the restructure and £50m as additional securitisation. Such loans accrue interest at fixed rates, depending on the terms of the mortgage, until the loans are repaid which is either upon death or when the individual is moved to a care home and the property becomes vacant.

On the same day, the Company cancelled the existing Fixed Rate and Junior Loan Notes and issued new Fixed Rate and Junior Loan Notes to PLL as consideration for the transfers of beneficial interest in equity release mortgage loans (note 15).

PGMS holds the legal title to £557m (2021: £762m) of these loans on behalf of the Company. The loan originators hold the legal title to the remaining £503m (2021: £792m) of loans.

10. Collective investment schemes

	2022 £000	2021 £000
Collective investment schemes	79,139	20,294
	79,139	20,294

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 investments schemes have been valued using standard market pricing sources.

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

Level 3 financial instrument sensitivities
Loans and receivables with a fair value £1,060m (2021: £1,554m), 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	
	2022	**2021**
Spread	Average 1.7% over SONIA swap curve + 36bps	Average 1.3% over SONIA swap curve + 36bps
Mortality	Based on published tables Adjusted PCA00	Based on published tables Adjusted PCA00
Voluntary redemption rate	1.5% to 7%	1.5% to 7%

The key valuation sensitivities are:

- An increase of 1% in the discount rate would decrease the value by £68m (2021: £132m).
- A decrease of 1% in the discount rate would increase the value by £74m (2021: £148m).
- An increase of 1% in the house price inflation would increase the value by £6m (2021: £9m).
- A decrease of 1% in the house price inflation would decrease the value by £9m (2021: £15m).
- An increase of 10% in house prices would increase the value by £5m (2021: £6m).
- A decrease of 10% in house prices would decrease the value by £9m (2021: £10m).
- An increase of 5% in mortality rates would increase the value by £2m (2021: decrease by £6m).
- A decrease of 5% in mortality rates would decrease the value by £2m (2021: increase by £6m).
- An increase of 15% in the voluntary redemption rate would increase the value by £5m (2021: decrease by £12m).
- A decrease of 15% in the voluntary redemption rate would increase the value by £6m (2021: increase by £12m).

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

	Financial assets designated at fair value through profit or loss upon initial recognition: Loans and receivables		Financial liabilities designated at fair value through profit or loss upon initial recognition: Fixed Rate and Junior Loan Notes	
	2022 £000	2021 £000	2022 £000	2021 £000
At 1 January	1,553,554	522,105	(1,600,456)	(531,843)
Additions	6,762	50,727	-	(49,874)
Redemptions / settlements	(150,795)	(95,707)	99,965	-
Amounts to PLL on restructure	-	(471,293)	-	527,304
Amounts from PLL on restructure	-	1,542,112	-	(1,542,870)
Total amount recognised in statement of comprehensive income	(349,517)	5,610	351,946	(3,173)
At 31 December	1,060,004	1,553,554	1,148,545	(1,600,456)

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:

	2022 £000	2021 £000
Deferred Tax		
Deferred tax asset	8,716	1,636

Movement in deferred tax assets

Year ended 31 December 2022

	At 1 January 2022 £000	Recognised in the Statement of comprehensive income £000	At 31 December 2022 £000
Provisions and other temporary differences	1,636	7,080	8,716
	1,636	7,080	8,716

Year ended 31 December 2021

	At 1 January 2021 £000	Recognised in the Statement of comprehensive income £000	At 31 December 2021 £000
Provisions and other temporary differences	5,611	(3,975)	1,636
	5,611	(3,975)	1,636

13. Other receivables

	2022 £000	2021 £000
Amounts due from parent company	-	2,775
	-	2,775
Amount due for settlement after 12 months	-	-

14. Share capital

	2022 £000	2021 £000
Issued and fully paid: 1 ordinary share of £1 each (2021: 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.

15. Financial liabilities

	2022 £000	2021 £000
At 31 December		
Fixed Rate Loan Notes	1,111,756	1,591,676
Junior Loan Notes	36,789	8,780
	1,148,545	1,600,456
Amount due for settlement after 12 months	1,049,256	1,500,491

Financial liabilities comprise fixed rate and junior loan notes due to PLL. On 10 November 2021, all of the Company's beneficial interest in ERM loans valued at £471m was transferred to PLL. All the existing Fixed Rate and Junior Loan Notes, granted to PLL as consideration for the original transfers on 27 February 2018, were redeemed in consideration.

On the same day, the Company acquired the beneficial interest in a portfolio of ERM (included as Loans and receivables, note 9) from PLL, against which the Company issued Fixed Rate and Junior Loan Notes amounting to £1,592m which incur interest, as consideration.

The Fixed Rate Loan Notes accrue interest based on a fixed schedule of cash flows, and are repayable annually from 30 September 2022, with final maturity dates ranging from 30 September 2056 to 30 September 2057. 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.

16. Other payables

	2022 £000	2021 £000
Amounts due to parent company	2,074	-
Amounts due to fellow subsidiaries	8,868	1,636
Other payables	8	20
	10,950	1,656
Amount due for settlement after 12 months	-	-

17. Cash flows from operating activities

	2022 £000	2021 £000
Cash flows from operating activities		
Profit for the year before tax	-	-
Non-cash movements in profit for the year before tax		
Fair value losses on financial assets	420,919	30,293
Fair value gains on financial liabilities	(383,552)	(15,496)
Interest income on loans and receivables	(71,374)	(35,901)
Interest expense	31,605	19,427
Changes in operating assets and liabilities		
Decrease / (increase) in financial assets	85,161	(1,039,005)
(Increase) / decrease in other receivables	(4,306)	1,200
(Decrease) / increase in financial liabilities	(99,965)	1,064,682
Increase) / (decrease) in other liabilities	9,296	(4,351)
Cash (absorbed by) / generated from operations	(12,216)	20,849

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.

Financial risk
The use of financial instruments naturally exposes the Company to the risks associated with them, mainly, property price risk, credit risk, liquidity risk and interest rate risk. Responsibility for agreeing the financial risk profile rests with the Board.

As movement in the Company's financial assets and financial liabilities substantially mirror each other, the financial assets of the Company would not be sufficient to meet obligations under the terms of the Fixed Rate Loan Note only in extreme scenarios.

Each of the Company's financial risks are described below, together with a summary of how the Company manages them.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates as a result of market interest rates. Changes in long term interest rates may also impact future redemption patterns. Interest rate risk is regularly monitored and is mitigated by the offset of the Company's financial assets and liabilities except in an extreme scenario.

Property price risk
The Company has exposure to property price risk as sustained underperformance of the underlying residential property prices increases the likelihood that proceeds from the property sale upon redemption will not be sufficient to meet the obligations on financial liabilities. The Company's portfolio has an average loan to value ratio of 34% (2021: 34%) and accordingly, a decrease in residential property prices would need to be significant to adversely impact the valuation of the financial assets.

The Company monitors house price inflation, the geographical spread of the portfolio and reviews the impact regularly. Property price risk is mitigated by the offset of the Company's financial assets and liabilities except in an extreme scenario such as sustained and significant falls in property prices.

Credit risk
The Company has exposure to credit risk with PLL mainly as a result of its beneficial interest in equity release mortgages. The equity release mortgages are secured against properties, mitigating the risk of borrower default. Further risk of the mortgage provider not passing on the proceeds of redemptions is closely managed by the Board and mitigated by trust arrangements with the providers.
The amount disclosed in the Statement of financial position in respect of financial assets represents the Company's maximum financial exposure to credit risk.

Liquidity risk
The Company has exposure to liquidity risk as a result of any failure to meet its cash flow obligations under the terms of the Fixed Rate and Junior Loan Notes issued by the Company. There is also a significant risk that the timing of the cash flows resulting from redemptions of the equity release mortgages (and corresponding settlement by PLL) do not correspond to the timing of amounts due under the terms of the Fixed Rate Loan Notes.

This risk is regularly monitored by the Board through detailed forecasting and it operates a reserve account to mitigate the risk arising from the timing of cash flows. Also an agreement is in place with PLL, the holder of the Loan Notes, to provide a liquidity facility of £100m (2021: £100m). The liquidity facility has not been utilised by the Company during the period to 31 December 2022 and up to the date of approval of these financial statements.

Customer risk
The Company has exposure to customer risks as redemptions of the underlying loans may be earlier or later than expected as a result of:

- voluntary prepayment – prepayment at the option of the customer.
- mortality – repayment as a result of death.
- morbidity – prepayment as a result of entry into long term care.

The Company regularly monitors experience of these factors within the portfolio and also utilises industry data in the judgements use to set assumptions.

Operational risk
Operational risk is the risk of reduction in earnings and/or value, through financial or reputational loss, from inadequate or failed internal processes and systems, or from people related or external events.
The framework for identifying and managing operational risks comprises the following elements:

- Culture: the values and behaviours required to effectively manage operational risk.
- Organisational structure: the Company's organisational and management structures, including the business operating model.
- Governance: the framework in place to oversee the management of operational risk.
- Identification: the processes in place to identify sources of operational risk.
- Assessment: the processes in place to assess operational risk exposures.
- Monitoring & Management: the processes in place to monitor and manage operational risk.
- Management Information: the processes in place to report operational risk to an appropriate level in the Company.
- Control Environment: the control frameworks in place to manage operational risk within agreed appetites.

Operational risk arises due to failures in one or more of the following aspects:

- Processes and Systems: inputs, processing and output; infrastructure and organisation, including facilities, networks, hardware, software, communications and their interfaces.
- People: the people required within the Company and our outsourcers to operate / interface with, our processes and systems.
- External: the identification, assessment, monitoring and reporting of external occurrences that could adversely impact the operations of the Company.

It is accepted that it is neither possible, appropriate nor cost effective to eliminate totally all operational risks from the business as operational risk is inherent in any operating environment. As such the Company will tolerate a degree of operational risk within the business in areas subject to appropriate and proportionate levels of control around the identification, management and reporting of such risks.

Operational impacts are being carefully managed through initiation of the Group's business continuity arrangements, including focus on providing home working capability with appropriate controls and prioritising activities to focus on delivery of critical services to customers.

The Company carries the risk that the outsourced service providers ("OSPs") used by the Group will no longer be able to provide the agreed services at an agreed cost and under the agreed timeframe. The Company manages this risk through established governance and relationship meetings together with regular updates from key OSPs on their business continuity arrangements.

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 2022 Annual Report and Accounts.

19. 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.

	2022	2021
	£000	£000
Amounts due from related parties		
Loans and receivables due from parent (note 9)	1,060,003	1,553,554
Other receivables due from parent (note 13)	-	2,775
Amounts due to related parties		
Amounts due to parent (notes 15/16)	1,150,619	1,602,092
Other amounts due to fellow subsidiaries (note 16)	8,868	-
Amounts charged by related parties		
Interest charged on financial liabilities owed to parent (note 7)	31,605	19,427
Commitment fee on liquidity facility charged by parent	142	103
Management services charged by fellow subsidiaries	1,788	399

In 2021, the Group restructured its ERM loan associated securitisations. On 10 November 2021, £471m of the Company's beneficial interest in ERM loans was transferred to PLL. Concurrently, all outstanding Fixed Rate and Junior Loan Notes, granted to PLL as consideration for the original transfers on 27 February 2018, and associated accrued interest were redeemed in consideration (£527m).

On the same day, the Company acquired the beneficial interest in a portfolio of ERM from PLL valued at £1,542m as part of the restructure and £50m as additional securitisation, against which the Company issued £1,543m and £50m respectively of Fixed Rate and Junior Loan Notes which incur interest, as consideration to PLL.

PLL provides the Company with a short term liquidity facility of £100m (2021: £100m) that is undrawn at 31 December 2022 (2021: undrawn).

The management services are provided by PGMS and relate to staff and other services.

Key management compensation
The compensation payable to employees classified as key management, which comprises the Directors, is disclosed in note 5. During the year to 31 December 2022, 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.