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PA (GI) LIMITED

Company Registration Number: 00071805

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2024

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Strategic report

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

The financial statements of the Company for the year ended 31 December 2024 have been prepared in accordance with UK adopted international accounting standards.

Business review

Principal activities

The Company's principal activity is the management of its retained assets.

Until 1 January 2012 the Company's principal activity was transacting general insurance business which was in run off. The business was reinsured to, and administered by, Royal & Sun Alliance ("RSA"). With effect from 1 January 2012 the Company transferred its remaining general insurance liabilities to RSA in accordance with a scheme under Part VII of the Financial Services and Markets Act 2000 ("the Scheme"), approved by the High Court on 12 December 2011.

Following a High Court hearing in May 2015, the Court ruled that the Company retained liability in respect of complaints relating to creditor insurance originally underwritten by the Company but subsequently transferred to third parties in accordance with the Scheme. As a result of this ruling, the Company established processes to review the complaints received, and where appropriate, provide redress to the policyholders. The Company has completed the review and the settlement of the redress due to policyholders. The Company has been in litigation with a third party over recoveries due to the Company and a settlement was agreed in June 2025. Further details are provided in note 15 to the financial statements.

Corporate activity

Throughout the year ended 31 December 2024, the Company was regulated by the Prudential Regulatory Authority ("PRA") and the Financial Conduct Authority ("FCA"). An application was successfully submitted to the FCA and PRA for cancellation of the Company's Part4A permissions under the Financial Services and Markets Act 2000. The deauthorisation took effect from 15 April 2025.

Principal risks and uncertainties

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

The principal risks and uncertainties facing the Company are detailed in note 18 of the financial statements.

Key Performance Indicators ('KPIs')

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using key performance indicators ("KPIs") is not necessary for an understanding of the development, performance or position of the business.

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.

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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:

Strategic priorities key		
Optimise our in-force business	Grow organically and through M&A	Enhance our operating model and culture

Key stakeholder groups		
Customers	Investors	Government, trade bodies & regulators
Our customers are individuals who held creditor insurance policies previously underwritten by the Company. The Board recognises its responsibility and duty to oversee the success of the Company for all its customers.	Our immediate shareholder is Pearl Life Holdings Limited. As a Phoenix Group company, our ultimate shareholder is Phoenix Group Holdings plc (PGH). The Board recognises the role it plays in driving growth to help the Group meet the needs of its customers.	Our business is regulated by the Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA). The Board acknowledges the importance of maintaining positive relationships with the Company's regulators to enable good outcomes for its customers.
Link to strategic priorities		
How has the Board has engaged with and had oversight of stakeholder views during the year?		
• The Board received reports relating to customer complaints, any Financial Ombudsman referrals and remedial activity.	• The governance framework within which the Board operates is designed to facilitate good information flows between and robust decision-making at all levels within the Group • The Group Chief Financial Officer was a member of the Board until September 2024, which further strengthened the link between the Company and its ultimate parent, PGH, facilitating regular reporting between the two as necessary.	• The Board considered and approved the Company's Year End 2023 Solvency II Pillar 3 reports and Own Risk Solvency Assessment prior to submission of each to the regulator in accordance with the required timescales

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The Board's role in promoting positive stakeholder relationships		
The Board holds management to account throughout the year, ensuring due care and attention is given to good customer outcomes and needs.	The Board maintains links with its immediate and ultimate parents through reporting and interaction as appropriate in both directions.	As the guardian of the Company, (ensuring robust governance, controls and risk management) the Board is responsible for holding management to account for day-to-day compliance with applicable regulation and legislation; ensuring transparent communication of such compliance.

Key Board decisions

The page that follows sets out examples of key decisions of the Board, its 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	**Approval of the Annual Accounts for the year ended 31 December 2023 ("YE23 accounts")**
Link to strategic priorities	**How the Board reached its decision**
	Consideration of section 172 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. The Board also considered subsequent events which had the potential to impact the balance sheet between the point of approval and signature. 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.

Example key Board decision	**Cancellation of regulatory permissions**
Link to strategic priorities	**How the Board reached its decision**
	Consideration of section 172 matters The Board considered a request to approve the de-authorisation of the Company following the passing of the regulatory deadline for customers to submit mis-selling claims and subsequent completion of post-deadline and remedial activity. From a customer stakeholder perspective, the Board noted that there were minimal administration queries arising and that arrangements were in place within the Phoenix Customer Relations function to handle any residual complaint handling activity pertaining to the Company. Such steps would ensure that customers continued to enjoy good outcomes in relation to their policies.

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	In considering the request, the Board noted the following matters pertaining to the Company: • That the Company had paid, secured or otherwise discharged all liabilities arising out of all contracts of insurance previously underwritten by the Company; • That the Company had ceased all regulatory activities for which it was authorised; • That all liabilities arising out of regulated activities, including present and future, for the Company had been either repaid, secured or otherwise discharged; • All potential or actual liabilities arising from customer complaints for the Company had been settled, secured or otherwise discharged; and • That there were no outstanding regulatory fees to be paid. Being able to provide assurance on these matters to the regulator, which the Board noted were supported by Line 2, would ensure that the highest standards of business conduct were maintained.
Outcome	Following due consideration of the matters set out in section 172, the Board irrevocably endorsed the Company's application to cancel its regulatory permissions.

On behalf of the Board

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Quentin Zentner
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Q Zentner
Director

23 September 2025

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Directors' report

The Company is incorporated in the England and Wales. Its registration number is 00071805 and its registered office is 1 Wythall Green Way, Wythall, Birmingham B47 6WG.

Result and dividends

The results of the Company for the year are shown in the statement of comprehensive income on page 15. The loss before tax was £20,020,000 (2023: profit £24,634,000).

The Directors do not recommend the payment of a dividend in respect of 2024 (2023: £nil).

Going concern

The Strategic report and Directors' report summarises the Company's activities, its financial performance and 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. Notes 18 and 19 to the financial statements summarise the Company's risk and capital management objectives and policies together with its financial risks.

The Board has followed the UK Financial Reporting Council's *"Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks"* (issued April 2016) when performing its going concern assessment. As part of its comprehensive assessment of whether the Company is a going concern, the Board has prepared cash flow forecasts for the Company for the period to 30 September 2026.

The Company had £4,504,000 of cash and liquidity funds at 31 December 2024 and £12,774,000 at 30 June 2025. 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 2026.

The Directors have also considered events after the reporting date (note 21), namely the cancellation of the Company's Part4A permissions under the Financial Services and Markets Act 2000 and the settlement of its litigation claim. The Company continues to hold investment assets and the management of these assets is expected to be the Company's principal activity going forward. At the date of reporting there is no intention to wind up the Company during the going concern period to 30 September 2026.

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 for no less than 12 months up to 30 September 2026. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting 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:

L Hayden-Carey	Appointed 28 August 2025
B Meaney	Resigned 22 June 2025
K Sutton	Appointed 22 June 2025
R Thakrar	Resigned 6 September 2024
D Woollett	Resigned 22 June 2025
Q Zentner	

Secretary

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

Disclosure of Indemnity

Qualifying third party indemnity arrangements (as defined in section 234 of the Companies Act 2006) were in force for the benefit of the Directors of the Company during the year and remain in place at the date of approval of this report.

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Disclosure of information to auditor

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

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 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.

Corporate Governance

The Company's ultimate parent, Phoenix Group Holdings plc is listed on the UK's main market and accordingly complies with the UK Corporate Governance Code 2018 (the 'Code'). The Company does not apply the Code, nor any other code of governance, due to the limited nature of its activities. In the event that the scope of the Company's activities changes, this position will be reviewed.

Re-appointment of auditor

On 29 July 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 Life 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:
Quentin Zentner
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Q Zentner
Director

23 September 2025

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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 its profit or loss for that period. In preparing the 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 its 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.

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Independent auditor's report to the members of PA (GI) Limited

1 Our opinion is unmodified

We have audited the financial statements of PA (GI) Limited ("the Company") for the year ended 31 December 2024 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity, and the 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 31 December 2024 and of its 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 believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Board.

We were first appointed as auditor by the directors on 25 February 2025. The period of total uninterrupted engagement is for the one financial year ended 31 December 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

Key Audit Matter	The risk	Our response
Valuation of Reimbursement Asset (2024: £12.0m 2023: £36.4m) *Refer to page 20 (accounting policy) and pages 26-28 (financial disclosures).*	During 2023, the Company successfully established the validity of its claim against a third party over potential recoveries due to the Company. As a result, the Company initially recorded a receivable based on the Company's best estimate of the amounts which the entity is likely to receive from the third party based on the previous costs incurred, redress payments made, and adjustments to allow for unreasonable redress or redress that cannot be evidenced.	Our procedures to address the risk included: • Performed enquires with management to understand the outcome of legal proceedings against the third party. • Reviewed the court's decision and verified that the assessment performed by management in respect to the finality of the court case as an adjusting event is in line with the relevant accounting standard.

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	In June 2025, terms of settlement were agreed including the final amount of £12m which was received from the third party in the same month. This is considered as an adjusting event after the reporting period; hence, the reimbursement asset has been adjusted to this amount which is the final amount. As a result, we do not consider the valuation of reimbursement asset to be at a high risk of significant misstatement, or to be subject to a significant estimation uncertainty. However, due to its materiality in the context of the financial statements as a whole, this is considered to be the area which had the greatest effect on our audit.	• Obtained the settlement agreement between the Company and the third party including the evidence supporting the settlement of £12m in June 2025. • Considered and concluded upon the adequacy of the disclosures made by the Company with reference to the receivable, in line with the applicable financial reporting framework. **Our results:** We determine the calculation of the reimbursement asset was reasonable based on the available information. We are satisfied that the reimbursement asset disclosure is in accordance with the applicable financial reporting framework.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Company financial statements as a whole was set at £164,000, determined with reference to a benchmark of the Company's total net assets, of which it represents 2%. We selected net assets as the benchmark owing to the focus of the users of financial statements on the Company's ability to comply with the regulatory solvency requirements considering that it's a regulated entity during the period under audit.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% of materiality for the financial statements as a whole, which equates to £123,000. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Board any corrected or uncorrected identified misstatements exceeding £8,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The scope of the audit work performed was fully substantive as we did not rely upon the Company's internal control over financial reporting.

4 Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period was the adverse impacts arising from fluctuations or negative trends in the economic environment including, but not limited to, interest rates, inflation and defaults which affect regulatory capital solvency coverage ratios and liquidity ratios.

We considered whether these risks could plausibly affect the liquidity and solvency in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Company's financial forecasts.

Our procedures also included:

- performing inquiries with management and those charged with governance to identify any risks or events that may impact the Company's ability to continue as going concern; and
- reviewing management's assessment of going concern and evaluating management's analysis on the Company's assets and liquidity to understand the extent to which the Company could meet its future obligations.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the director' assessment of going concern, including the identified risks. We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

5 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 or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Inspecting correspondence with regulators to identify instances or suspected instances of fraud.

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 possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls.

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We do not believe there is a fraud risk related to revenue because there is limited management judgement involved in the recognition of and measurement of revenue streams.

We also performed procedures such as identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included but were not limited to those made by individuals who do not typically post journals.

Identifying and responding to risks of material misstatement relating 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 from inspection of the Company's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated during the period under audit, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such effect: regulatory capital and liquidity requirements, conduct regulation and certain aspects of Company legislation recognising the financial and regulated nature of the Company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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 fraud 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.

6 We have nothing to report on the strategic report and the 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.

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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 those reports;
- in our opinion the information given in the strategic report and the directors' report 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.

7 We have nothing to report on the other 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.

8 Respective responsibilities

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 including 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.

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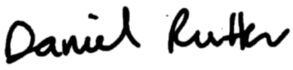
9 The purpose of our audit work and to whom we owe our responsibilities

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.



Daniel Rutter (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
23 September 2025

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Statement of comprehensive income

for the year ended 31 December 2024

	Notes	2024 £000	2023 £000
Investment income	3	346	379
Other income	4	6,553	37,337
Administrative and other expenses	5	(26,919)	(13,082)
(Loss) / profit for the year before tax attributable to owners		(20,020)	24,634
Tax charge	8	(87)	(89)
(Loss) / profit for the year attributable to owners		(20,107)	24,545
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		(20,107)	24,545

The accompanying notes on pages 19 to 30 are an integral part of these financial statements.

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Statement of financial position

as at 31 December 2024

	Notes	As at 31 December 2024 £000	As at 31 December 2023 £000
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	10	3,000	3,000
Capital contribution reserve	11	21,000	21,000
Retained earnings		(15,797)	4,310
Total equity		8,203	28,310
Liabilities			
Provisions	12	1,967	2,500
Other payables	13	6,354	13,050
Total liabilities		8,321	15,550
Total equity and liabilities		16,524	43,860
ASSETS			
Bank and cash balances		50	51
Collective investment schemes	14	4,454	7,423
Other receivables	15	12,000	36,352
Accrued income	16	20	34
Total assets		16,524	43,860

The accompanying notes on pages 19 to 30 are an integral part of these financial statements.

On behalf of the Board

DocuSigned by:
Quentin Zentner
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Q Zentner
Director

23 September 2025

Company registration number 00071805

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Statement of cash flows

for the year ended 31 December 2024

	Notes	2024 £000	2023 £000
Cash flows from operating activities			
Cash (used in) / generated from operations	17	(1)	1
Net cash flows from operating activities		(1)	1
Net (decrease) / increase in cash and cash equivalents		(1)	1
Cash and cash equivalents at the beginning of the year		51	50
Cash and cash equivalents at the end of the year		50	51

The accompanying notes on pages 19 to 30 are an integral part of these financial statements.

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Statement of changes in equity

for the year ended 31 December 2024

	Share capital (note 10) £000	Capital contribution reserve (note 11) £000	Retained earnings £000	Total £000
At 1 January 2024	3,000	21,000	4,310	28,310
Total comprehensive loss for the year	-	-	(20,107)	(20,107)
At 31 December 2024	3,000	21,000	(15,797)	8,203

	Share capital (note 10) £000	Capital contribution reserve (note 11) £000	Retained earnings £000	Total £000
At 1 January 2023	3,000	21,000	(20,235)	3,765
Total comprehensive profit for the year	-	-	24,545	24,545
At 31 December 2023	3,000	21,000	4,310	28,310

Of the above, £5,203,000 (2023: £1,576,000) is considered distributable.

The accompanying notes on pages 19 to 30 are an integral part of these financial statements.

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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 15 to 30, were authorised by the Board of Directors for issue on 22 September 2025.

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

The results of the Company are consolidated into the accounts of the Company's ultimate parent, 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.

Going Concern

The Directors have prepared cash flow forecasts for the Company for the period to 30 September 2026. The Company had £4,504,000 of cash and liquidity funds at 31 December 2024 and £12,774,000 at 30 June 2025. 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 2026.

The Directors have also considered events after the reporting date (note 21), namely the cancellation of the Company's Part4A permissions under the Financial Services and Markets Act 2000 and the settlement of its litigation claim. The Company continues to hold investment assets and the management of these assets is expected to be the Company's principal activity going forward. At the date of reporting there is no intention to wind up the Company during the going concern period to 30 September 2026.

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 2026. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Climate change

In preparation of these financial statements, the Company has considered the potential impacts of climate change on the financial statements, including on key assumptions and estimates used in the valuation of reported assets and liabilities, and concluded that there are no material implications at this time. Impacts of climate change will remain under review by the Company and the wider Phoenix Group.

Statement of compliance

The financial statements of the Company for the year ended 31 December 2024 have been prepared in accordance with UK adopted international accounting standards and with the requirements of the Companies Act 2006, as applicable to companies reporting under those standards.

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.

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.

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(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. 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 provisions, and any related recoveries, as discussed in accounting policy (d). Further information is provided in notes 12 and 15.

(c) Income tax

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

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. Deferred tax is not provided in respect of temporary differences arising from the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting nor taxable profit. 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.

(d) Provisions and contingent liabilities

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where the Company has a present legal or constructive obligation as a result of a past event, but it is not probable that there will be an outflow of resources to settle the obligation or the amount cannot be readily estimated, this is disclosed as a contingent liability.

Related recoveries are only recognised as and when they are virtually certain and are presented as a separate asset. Reimbursements assets are measured based on the probability weighted average of expected cash flows.

(e) Financial assets

Investments comprise shares in open-ended investment companies and are designated at fair value through profit or loss and accordingly are stated in the statement of financial position at fair value. They are designated at fair value through profit or loss because they are managed and evaluated on a fair value basis. Fair value is determined by reference to published bid values.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with an original maturity term of three months or less at the date of placement.

For the purposes of the Statement of cash flows, cash and cash equivalents includes any bank overdrafts.

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(g) Dividends

Final dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's owners. Interim dividends are deducted from equity when they are paid.

Dividends for the year that are approved after the reporting period are dealt with as an event after the reporting period.

(h) Income recognition

Investment income

Investment income comprises distributions received on the Company's holdings in financial assets, and is recognised in the statement of comprehensive income on the date the right to receive the payment is established.

Other income

Other income comprises amounts recoverable under contractual arrangements and is recognised when the related obligation becomes virtually certain.

(i) Share capital and capital contributions

Ordinary share capital

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

Capital contributions

Capital contributions received by the Company and which contain no agreement for their repayment are recognised directly in the statement of changes in equity as capital. The reserve is considered distributable.

(j) 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 standards, interpretations and amendments effective from 1 January 2024 which have been endorsed by the UK Endorsement Board ("UKEB"):

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1).

The above amendment is not 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 IASB has issued the following amendments to 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.

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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.

Annual Improvements to IFRS Accounting Standards — Volume 11 (1 January 2026)

As part of the IASB's Annual Improvements process it has issued minor amendments to address potential areas of confusion within the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards - hedge accounting by a first-time adopter); IFRS 7 Financial Instruments: Disclosures - gain or loss on derecognition and clarifications within implementation guidance; IFRS 9 Financial Instruments - lessee derecognition of lease liabilities and transaction price; and IAS 7 Statement of Cash Flows - cost method.

The Company does not expect these amendments to have a material impact on its operations or financial statements.

3. Investment income

	2024 £000	2023 £000
Dividend income on financial assets designated at fair value through profit or loss on initial recognition	347	374
Net fair value (losses) / gains	(1)	5
	346	379

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4. Other income

	2024 £000	2023 £000
Interest receivable	-	12,378
Increase in recoveries	-	24,959
Decrease in payable to third parties	6,553	-
	6,553	37,337

In the prior year, the Company recognised a reimbursement asset in respect of recoveries and related interest due under contractual arrangements and also recognised a related amount payable to third parties. Other income of £37,337k in the prior year relates to the recognition of this reimbursement asset and related interest. Other income of £6,553k in the current year relates to the reduction in the amount payable to third parties within other payables (note 13).

5. Administrative and other expenses

	2024 £000	2023 £000
Increase in provision (note 12)	2,566	3,036
Increase in payable to third parties	-	10,040
Decrease in recoveries	24,347	-
Investment management fees	6	6
	26,919	13,082

In the prior year, the Company recognised a reimbursement asset in respect of recoveries and related interest due under contractual arrangements and also recognised a related amount payable to third parties of £10,040k. The decrease in recoveries in the current year of £24,347k relates to the reduction in the reimbursement asset and the amount expected to be recovered – see note 15. The related current year decrease in payable to third parties is included within other income (note 4).

6. Staff costs and Directors' remuneration

The Company has no employees (2023: none). All activities relating to the Company are performed by staff employed by Phoenix Group Management Services Limited, a fellow subsidiary of the Company.

The Directors are employed by another Group Company. The Directors received no remuneration in respect of their services to the Company (2023: £nil).

7. Auditor's remuneration

The remuneration of the auditors of the Company, including their associates, which were paid by another group company, was £16,500 (2023: £21,000).

	2024 £000	2023 £000
Audit of the Company's financial statements	17	16
Audit related assurance services	-	5
	17	21

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8. Tax charge

Current year tax charge

	2024 £000	2023 £000
Current tax:		
UK Corporation tax	87	89
Total tax charge	87	89

Reconciliation of tax charge

	2024 £000	2023 £000
(Loss) / profit before tax	(20,020)	24,634
Tax at standard UK rate of 25% (2023: 23.5%)	(5,005)	5,789
Movement in unrecognised tax losses	5,092	(5,700)
Total tax charge for the year	87	89

The standard rate of UK corporation tax for the accounting period is 25% (2023: 23.5%).

The UK corporation tax rate increased from 19% to 25% with effect from 1 April 2023. This was enacted on 10 June 2021.

At 31 December 2024 the Company had unrelieved tax losses carried forward amounting to £21,627,000 (2023: £1,261,000) for which no deferred tax asset has been recognised due to doubtful recoverability.

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. 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. A structured entity often has some or all of the following features or attributes: (a) restricted activities; (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors; (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Company has determined that all of its investments in collective investment schemes are structured entities in the form of liquidity funds.

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The Company's holdings in these investments are subject to the terms and conditions of the respective fund's prospectus and are susceptible to market price risk arising from uncertainties about future values. The Company holds redeemable shares and units in each of the funds. The funds are managed by asset managers who apply various investment strategies to accomplish their respective investment objectives. All of the funds are managed by asset managers who are compensated by the respective funds for their services. Such compensation generally consists of an asset-based fee and a performance-based incentive fee and is reflected in the valuation of each fund.

Interests in structured entities

The Company does not provide financial or other support in relation to structured entities.

The Company's interests in structured entities are held as financial assets in the Company's statement of financial position and held at fair value through profit or loss. Any change in fair value is included in the income statement in 'net investment income'.

A summary of the Company's interests in structured entities is included below. These are shown according to the financial asset categorisation in the statement of financial position and further analysed by type of fund in which the entity is invested.

	Carrying value of financial assets	
	2024	2023
	£000	£000
Collective investment schemes		
Short term liquidity	4,454	7,423

Collective investment schemes have been analysed by reference to the predominant asset class the structure is investing in.

The Company's maximum exposure to loss on 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.

10. Share capital

	2024	2023
	£000	£000
Issued and fully paid: 60,000,000 (2023: 60,000,000) ordinary shares of 1p each	600	600
Issued and fully paid: 9,600,000 (2023: 9,600,000) deferred shares of 25p each	2,400	2,400
	3,000	3,000

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

The deferred shares do not entitle the holders to receive any dividend in respect of any accounting reference period of the Company unless, and until, there has been declared, and paid in respect of that period, a dividend of not less than £5 per ordinary share. Thereafter the holders of the deferred shares shall participate equally with the holders of such ordinary shares in the profits of the Company. The deferred shares do not entitle any holders to receive notice of, attend or vote at any general meeting of the Company.

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On a return of assets on liquidation or otherwise, the assets to be returned shall be applied to the holders of deferred shares, after paying to the holders of the ordinary shares £5,000 per share. In paying to the holders of the deferred shares the amounts paid up thereon and the balance of such assets shall belong to and be distributed among the holders of the ordinary shares in proportion to the amounts paid up on the ordinary shares held by them respectively.

11. Capital contribution reserve

	2024	2023
	£000	£000
At 1 January and 31 December	21,000	21,000

12. Provisions

	2024	2023
	£000	£000
At 1 January	2,500	1,202
Additions during the year	2,566	3,036
Utilised during the year	(3,099)	(1,738)
At 31 December	1,967	2,500
Amount due for settlement after 12 months	-	1,500

Following a High Court hearing in May 2015, the Court ruled that the Company retained liability in respect of complaints relating to creditor insurance originally underwritten by the Company but subsequently transferred to third parties in accordance with Part VII of the Financial Services and Markets Act 2000. As a result of this ruling, the Company established processes to review the complaints received, and where appropriate, provide redress to the policyholders. A provision for future complaint and litigation costs was established to recognise the Company's obligations.

On 2 March 2017, the FCA issued a policy statement (PS17/3) which set the deadline of 29 August 2019 by which consumers needed to have made their creditor insurance complaints or they lost their right to have them assessed by firms or by the Financial Ombudsman Service. The approach of the deadline saw a significant increase in the number of complaints that the Company received prior to the deadline. The Company has now fully adjudicated these complaints.

The Company has been in litigation with a third party in respect of recoveries considered due to the Company under contractual arrangements (see note 15). The litigation concluded in June 2025 and the remaining provision represents the Company's best estimate of the likely legal and other costs associated with the completion of the recovery proceedings.

The utilisation of the provision comprises:

	2024	2023
	£000	£000
Redress settlements paid	-	14
Recharged service and project costs	3,099	1,724
	3,099	1,738

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13. Other payables

	2024 £000	2023 £000
Amounts due to Group entities	271	421
Other payables	6,083	12,629
Total other payables	6,354	13,050
Amount due for settlement after 12 months	-	12,618

14. Financial assets and financial instrument fair value hierarchy

	2024 £000	2023 £000
Financial assets at fair value through profit or loss		
Designated upon initial recognition		
Collective investment schemes	4,454	7,423
Amount recoverable after 12 months	-	-

Determination of fair value and fair value hierarchy of financial instruments:

Level 1 financial instruments

The fair value of financial instruments traded in active markets (such as publicly traded securities and derivatives) is based on quoted market prices at the period end. The quoted market price used for financial assets is the current bid price on the trade date. If the bid price is unavailable a 'last traded' approach is adopted. For units in unit trusts and shares in open ended investment companies, fair value is by reference to published bid values.

All financial assets have been classified as level 1 financial instruments in the fair value hierarchy.

Offsetting financial assets and liabilities

The Company has no current legally enforceable right to offset recognised financial instruments.

15. Other receivables

	2024 £000	2023 £000
Reimbursement asset	12,000	36,352
Total other receivables	12,000	36,352
Amount recoverable after 12 months	-	36,352

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The reimbursement asset represents the recovery of certain complaint and litigation costs due under contractual arrangements together with related applicable accrued interest. The estimated recovery in the prior year was based on an assessment of the recoverable costs incurred by the Company, which could differ materially from the Company's best estimate of the reimbursement asset. The current year valuation is based on terms of settlement agreed in June 2025. A settlement amount of £12,000,000 was received by the Company in June 2025. An element of the settlement amount is due to third parties and a liability is recognised within other payables (note 13) in this regard.

16. Accrued income

	2024 £000	2023 £000
Accrued investment income	20	34
Amount recoverable after 12 months	-	-

17. Cash flows from operating activities

	2024 £000	2023 £000
(Loss) / profit for the year before tax	(20,020)	24,634
Non-cash movements in (loss) / profit for the year before tax		
Fair value losses / (gains) on financial assets	1	(5)
Changes in operating assets and liabilities		
Change in financial assets	2,968	562
Change in accrued income	14	(12,379)
Change in other receivables	24,352	(23,952)
Change in provision	(533)	1,298
Change in other payables	(6,783)	9,843
Cash (used in) / generated from operations	(1)	1

Supplementary disclosure on cash flows from operating activities

Dividends received	347	374

The Company classifies the cash flows from the acquisition and disposal of financial assets as operating cash flows, as the purchases are funded from the net cash flows associated with the recoveries received administrating complaints relating to creditor insurance policies and the payment of redress relating to these complaints, which are respectively treated under operating activities.

18. Risk management

The Phoenix Group Risk Management Framework sets out the high level arrangements for risk management, control and assurance within Phoenix Group and its subsidiaries. It is designed to provide a structured approach for identifying, assessing, controlling and monitoring financial and non-financial risks within Phoenix Group companies, which includes the Company.

The principal risks and uncertainties facing the Company are noted below:

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Credit risk

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

The Company's liquid assets are primarily invested in an authorised cash collective investment scheme ("CIS"). While the Company is exposed to some credit risk, the Directors consider this risk to be low due to the investment policy and diversified nature of the underlying investments held by the CIS.

Liquidity risk

The Company has exposure to liquidity risk as a result of normal business activities, specifically the risk arising from an inability to meet short-term cash flow requirements and this is monitored on an ongoing basis.

Key components of the monitoring framework include regular monitoring of cash flows and regular reviews to identify cash flow requirements.
All of the Company's financial assets and financial liabilities have maturity dates of less than 12 months.

Interest rate risk

Movements in interest rates will impact the value of interest receivable. An increase of 1% in interest rates, all other variables held constant, would result in an increase of £34,000 (2023: £57,000) in the profit after tax in respect of a full financial year with a corresponding change in equity. A decrease of 1% in interest rates, all other variables held constant, would result in a decrease of £34,000 (2023: £57,000) in the profit after tax in respect of a full financial year with a corresponding change in equity.

19. Capital management

The Company's capital was managed on a Solvency II basis for the year ended 31 December 2024.

The Company met its capital requirements throughout the year. The Company's Basic Own Funds at 31 December 2024 was £10,561,000 (2023: £28,310,000) and the SCR was £9,746,000 (2023: £25,553,000).

An application was successfully submitted to the Financial Conduct Authority ("FCA") and Prudential Regulation Authority ("PRA") for cancellation of the Company's Part 4A permissions under the Financial Services and Markets Act 2000. Following deauthorisation on 15 April 2025, the Company was released from the requirement to hold levels of capital.

20. 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.

Phoenix Group Management Services Limited provided management services to the Company in the form of staff and other services. The charge made to the Company for the year ended 31 December 2024 amounted to £3,099,000 (2023: £1,724,000) and at the end of the year £nil (2023: £245,000) remained outstanding.

Amounts due to related parties

	2024 £000	2023 £000
Other amounts due to fellow subsidiaries	271	421

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Key management compensation

The compensation payable to employees classified as key management, which comprises the Directors, is disclosed in note 6.

During the year to 31 December 2024, key management and other family members had no other transactions with the Company.

Parent and ultimate parent entity

Information on the Company's parent and ultimate parent is given in note 22.

21. Events after the reporting date

At 31 December 2024 the Company held a reimbursement asset within other receivables, which represents the recovery of certain complaint and litigation costs due under contractual arrangements together with related applicable accrued interest. Terms of settlement were agreed in June 2025 and a settlement amount of £12,000,000 was received by the Company in June 2025. An element of the settlement amount is due to third parties and a liability is recognised within other payables in this regard.

An application was successfully submitted to the FCA and PRA for cancellation of the Company's Part4A permissions under the Financial Services and Markets Act 2000. The deauthorisation took effect from 15 April 2025.

22. Other information

The Company is a private limited company registered in England. Its registration number is 00071805 and its registered office is 1 Wythall Green Way, Wythall, Birmingham B47 6WG. Its principal place of business is the United Kingdom.

The Company's immediate parent is Pearl Life Holdings Limited and its ultimate parent is Phoenix Group Holdings plc ('PGH plc'), a company incorporated in the United Kingdom. A copy of the financial statements of PGH plc can be obtained from the Company Secretary, 20 Old Bailey, London EC4M 7AN or www.thephoenixgroup.com.