

PEARL LIFE HOLDINGS LIMITED

Company Registration Number: 4560778

STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
for the year ended 31 December 2024

PEARL LIFE HOLDINGS LIMITED	
Contents	Page
Strategic report.....	2
Directors' report.....	5
Statement of Directors' responsibilities	7
Independent Auditor's report to the members of Pearl Life Holdings Limited	8
Income statement.....	11
Statement of comprehensive income	11
Statement of financial position	12
Statement of cash flows	13
Statement of changes in equity	14
Notes to the financial statements	15

PEARL LIFE HOLDINGS LIMITED

Strategic report

The Directors present the Strategic report of Pearl Life Holdings Limited ('the Company') for the year ended 31 December 2024.

Principal activities

The principal activity of the Company is that of a financial services holding company. This will continue to be the principal activity for the foreseeable future.

Corporate activity**Result and dividends**

The results of the Company for the year are shown in the income statement on page 11. The profit before tax was £1,065.7m (2023: £1,422.8m). The decrease in the result is mainly attributable to the decrease in dividend income from £1,385.0m in 2023 to £1,019.0m in 2024.

Dividends of £419.0m were paid during the current year (2023: £535.0m).

Financial position as at 31 December 2024

The net assets of the Company at 31 December 2024 were £9,222.5m (2023: £8,594.0m). The increase in the period reflects the total comprehensive income arising in the period of £1,047.5m and the dividends paid to the Company's immediate parent, Impala Holdings Limited ("IHL") of £419.0m.

The capital contributions principally reflect that during the year ended 31 December 2023, materially all of the net assets of Standard Life Assurance Limited and Phoenix Life Assurance Limited, fellow group undertaking were transferred to Phoenix Life Limited ("PLL"), a direct subsidiary of the Company. As a result, the Company's investment in PLL increased by £3,767.5m. This transfer was made at nil consideration.

In addition, during October 2023, the role of scheme sponsor for the Pearl Pension Scheme was transferred from Pearl Group Holdings (No.2) Limited, a fellow group undertaking, to the Company. The Company recognised a capital contribution in equity corresponding to the gain on the transfer – see note 11. The gain recognised as a capital contribution was £36.2m.

Principal risks and uncertainties

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

The principal risks and uncertainties facing the Company are:

- interest rate risk, since the movement in interest rates will impact the value of interest receivable and payable by the Company;
- liquidity risk, as a result of normal business activities, specifically the risk arising from an inability to meet short-term cash flow requirements; and
- credit risk, arising from the default of the counterparty to a particular financial asset, with the carrying value of the asset representing the Company's maximum exposure to credit risk.

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

Key Performance Indicators ('KPIs')

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

Directors' duties under section 172 of the Companies Act

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

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

During the year the Directors of the Company have applied Section 172 of the Act in a manner consistent with the wider Group's purpose, values and strategic priorities. 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.

PEARL LIFE HOLDINGS LIMITED

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

- The Company's immediate parent, Impala Holdings Limited;
- The Company's ultimate parent, Phoenix Group Holdings plc;
- Any employees engaged by the Company via service companies within the Phoenix Group; and
- The trustees and members of the Abbey Life Staff Pension Scheme and Pearl Group Staff Pension Schemes, on behalf of both the Company acts as the sponsoring employer.

Key board decisions

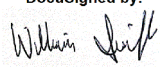
This section contains examples of key decisions of the Board, their alignment to the Group's strategy, how the Board reached its decision (including consideration of matters set out in Section 172; the interests of stakeholders; related risks and opportunities; and challenges it faced) and the outcome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

Strategic priorities key	
 Optimise our in-force business (Group only)	 Grow organically and through M&A (Group only)
 Enhance our operating model and culture	
Example key Board decision	Subsidiary Letter of Support
Link to strategic priorities	How the Board reached its decision
	Consideration of section 172 matters The Board received a paper recommending the issuance of a Letter of Support for its subsidiary, PA (GI) Limited ("PAGI") which would aid the audit process under the auditing standard for going concern, thereby contributing to the maintenance of high standards of business conduct for this entity. In considering the recommendation the Board reviewed the likely long-term consequences of granting its approval, noting that PAGI was a regulated entity and was expected to maintain a specific level of capital. The granting of a Letter of Support provided assurance that PAGI could continue to meet its future obligations should this be required. Doing so also supported PAGI's relationships with its regulators. Further, the Board assessed its ability to provide such support in the context of the Company's own ability to continue as a going concern, noting that its own position was protected via wider Group financial arrangements.
Outcome	Following due consideration of the matters set out in section 172, the Board approved the provisions of and signing of a Letter of Support to PAGI.
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. 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.

PEARL LIFE HOLDINGS LIMITED

Example key Board decision	Distribution of dividend
Link to strategic priorities	How the Board reached its decision
	Consideration of section 172 matters During the year the Board received a paper setting out in detail the Company's realised and distributable profits, to enable it to assess the resources available for a distribution to the Company's immediate parent Impala Holdings Limited. On considering the proposal the Board paid due regard to the long-term impact of the decision, specifically in the context of the Company's balance sheet position both before and after any distribution. In doing so it was able to satisfy itself of the Company's ability to meet its future financial obligations as they fell due. The Board also considered its obligations under the Companies Act 2006. This included, inter alia, the requirement for directors to be satisfied that the Company's profits available for distribution had not reduced since the date of the management accounts (upon which the decision was being made) and that the Company had not incurred losses which might reduce profits available for distribution. By ensuring that all legal obligations were met, the Board was able to ensure that the Company's reputation for high standards of business conduct was maintained, expected by all stakeholders.
Outcome	Following due consideration of the matters set out in section 172, the Board approved the distribution of a dividend to Impala Holdings Limited.

On behalf of the Board

DocuSigned by:

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W Swift
 Director
 24 September 2025

PEARL LIFE HOLDINGS LIMITED

Directors' report

The Directors present their report and the financial statements of the Company for the year ended 31 December 2024.

The Company is incorporated in the United Kingdom as a private limited company. Its registration number is 4560778 and its Registered Office is 1 Wythall Green Way, Wythall, Birmingham, B47 6WG.

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 22 to the financial statements summarises the Company's capital management and risk objectives and policies together with its financial risks.

The Directors have followed the UK Financial Reporting Council's 'Guidance on Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks' (issued 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 and solvency forecasts for the Company for twelve months from the signing date to 30 September 2026.

Furthermore, the Company's subsidiaries, as listed in note 14, perform their own going concern assessment. In order to ensure those entities have adequate resources to continue in operational existence, the Company has agreed to provide a letter of support to PA (GI) Limited ("PAGI") for £6.0m. The Company will provide the financial support until the earlier of 30 June 2026 and the approval of PAGI's financial statements for the financial period beginning 1 January 2025. All of the other entities have adequate resource to continue in operational existence and therefore do not require the Company to provide a letter of support.

As a result of this review, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for twelve months from the signing date to 30 September 2026. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors and their interests

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

A Cairns	Appointed 4 July 2024
K Jones	Resigned 4 July 2024
W Swift	

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.

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 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.

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.

PEARL LIFE HOLDINGS LIMITED

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.

Auditor appointment

On 6 June 2024, Ernst & Young LLP resigned as auditors having reached the maximum period of service for an auditor of a Public Interest Entity under the mandatory auditor rotation requirements for another Company within the Group.

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

In accordance with section 487 of the Companies Act 2006, 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.

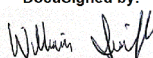
Corporate Governance

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, primarily as a holding company within Phoenix Group. In the event that the scope of the Company's activities changes, this position will be reviewed.

Section 172 requirements

The information required by section 172 of the Companies Act 2006 is provided in the Strategic report.

On behalf of the Board

DocuSigned by:

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W Swift
 Director
 24 September 2025

PEARL LIFE HOLDINGS LIMITED

Statement of Directors' responsibilities

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's report to the members of Pearl Life Holdings Limited

Opinion

We have audited the financial statements of Pearl Life Holdings Limited ("the Company") for the year ended 31 December 2024 which comprise the Income Statement, Statement of Comprehensive Income, Statement of financial position, Statement of cash flows and Statement of changes in equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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.

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.

Fraud and breaches of laws and regulations – ability to detect

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 those charged with governance, legal, risk and compliance and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board meeting minutes;
- using analytical procedures to identify any usual or unexpected relationships; and

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

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit, 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 did not identify additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included, but not limited to, journals posted in seldom used accounts, journals posted with unusual account pairings, and journals containing words determined to be high risk.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and have discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

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

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. We identified the following areas as those most likely to have such an effect: certain aspects of Company legislation recognizing the nature of the Company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquire 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 these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

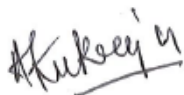
Auditor's responsibilities

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

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

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

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



Achin Kukreja
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
LONDON
E14 5GL
25 September 2025

PEARL LIFE HOLDINGS LIMITED

Income statement

for the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Income			
Net investment income	3	1,088.2	1,430.6
Total income		<u>1,088.2</u>	<u>1,430.6</u>
Expenses			
(Impairment) / Reversal of impairment of investments in subsidiaries	14	(11.8)	24.8
Administrative expenses	7	(7.1)	(2.9)
Total (expenses) / income		<u>(18.9)</u>	<u>21.9</u>
Profit before finance costs and tax		<u>1,069.3</u>	<u>1,452.5</u>
Finance costs	8	(3.6)	(29.7)
Profit for the year before tax		<u>1,065.7</u>	<u>1,422.8</u>
Tax charge	9	(14.7)	(2.9)
Profit for the year attributable to owners		<u><u>1,051.0</u></u>	<u><u>1,419.9</u></u>

Statement of comprehensive income

for the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Profit for the year		1,051.0	1,419.9
Other comprehensive income / (loss)			
Re-measurements of net defined benefit liability	12	(1.2)	(2.8)
Deferred tax (charge) / credit	9	(2.3)	0.5
Total other comprehensive loss		<u>(3.5)</u>	<u>(2.3)</u>
Total comprehensive income for the year attributable to owners		<u><u>1,047.5</u></u>	<u><u>1,417.6</u></u>

All results derive from continuing operations.

The notes on pages 15 to 40 are an integral part of these financial statements.

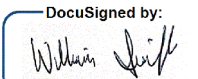
PEARL LIFE HOLDINGS LIMITED

Statement of financial position
 as at 31 December 2024

	Notes	2024 £m	2023 £m
Equity attributable to owners			
Share capital	10	150.0	150.0
Capital contributions	11	5,705.2	5,705.2
Retained earnings		3,367.3	2,738.8
Total equity		9,222.5	8,594.0
Non-current liabilities			
Pension scheme liability	12	2.2	8.7
Long-term borrowings	13	61.0	51.5
Total non-current liabilities		63.2	60.2
Current liabilities			
Amounts owed to Group entities		7.3	8.1
Total current liabilities		7.3	8.1
Total liabilities		70.5	68.3
Total equity and liabilities		9,293.0	8,662.3
Non-current assets			
Pension scheme asset	12	48.1	49.8
Investments in subsidiaries	14	7,894.2	7,707.7
Loans and receivables	15	889.3	838.5
Financial assets	19	19.2	8.7
Deferred tax asset	16	0.1	11.9
Total non-current assets		8,850.9	8,616.6
Current assets			
Loans and receivables	15	419.8	21.4
Tax recoverable	17	3.1	-
Accrued income	18	0.5	0.4
Financial assets	19	14.0	19.3
Cash and cash equivalents	20	4.7	4.6
Total current assets		442.1	45.7
Total assets		9,293.0	8,662.3

The notes on pages 15 to 40 are an integral part of these financial statements.

On behalf of the Board

DocuSigned by:

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W Swift
 Director
 24 September 2025

Registration number: 4560778

PEARL LIFE HOLDINGS LIMITED

Statement of cash flows

for the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Cash flows from operating activities			
Cash utilised by operations	21	(19.3)	(2.0)
Net cash flows used in operating activities		<u>(19.3)</u>	<u>(2.0)</u>
Cash flows from investing activities			
Dividends received from subsidiaries	3	1,019.0	850.0
Acquisition of financial assets		(5.4)	(0.7)
Capital contribution made to subsidiary	14	(198.3)	(250.1)
Net cash flows from investing activities		<u>815.3</u>	<u>599.2</u>
Cash flows from financing activities			
Interest paid on borrowings	13	(3.1)	(2.8)
Issue of new loan from group entity		226.2	262.2
Repayment of borrowings to Group entities	15	(600.0)	(852.0)
Dividend paid		(419.0)	-
Net cash flows used in financing activities		<u>(795.9)</u>	<u>(592.6)</u>
Net increase in cash and cash equivalents		<u>0.1</u>	<u>4.6</u>
Cash and cash equivalents at the beginning of the year		4.6	-
Cash and cash equivalents at the end of the year		<u><u>4.7</u></u>	<u><u>4.6</u></u>
<u>Supplementary disclosures on cash flow from operating activities</u>			
Interest received		<u>1.0</u>	<u>0.9</u>

The notes on pages 15 to 40 are an integral part of these financial statements.

PEARL LIFE HOLDINGS LIMITED

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

	Share capital (note 10) £m	Capital contributions (note 11) £m	Retained earnings £m	Total £m
At 1 January 2024	150.0	5,705.2	2,738.8	8,594.0
Profit for the year	-	-	1,051.0	1,051.0
Other comprehensive loss for the year	-	-	(3.5)	(3.5)
Total comprehensive income for the year	-	-	1,047.5	1,047.5
Dividend paid	-	-	(419.0)	(419.0)
At 31 December 2024	150.0	5,705.2	3,367.3	9,222.5

	Share capital (note 10) £m	Capital contributions (note 11) £m	Retained earnings £m	Total £m
At 1 January 2023	150.0	1,901.5	1,856.2	3,907.7
Profit for the year	-	-	1,419.9	1,419.9
Other comprehensive loss for the year	-	-	(2.3)	(2.3)
Total comprehensive income for the year	-	-	1,417.6	1,417.6
Capital contribution received	-	3,803.7	-	3,803.7
Dividend paid	-	-	(535.0)	(535.0)
At 31 December 2023	150.0	5,705.2	2,738.8	8,594.0

Both the capital contributions and the retained earnings of the Company are considered to be distributable reserves. Total distributable reserves are £5,268.7m (2023: £4,640.2m).

The notes on pages 15 to 40 are an integral part of these financial statements.

PEARL LIFE HOLDINGS LIMITED

Notes to the financial statements**1. Accounting policies****(a) Basis of preparation**

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

The Directors have followed the UK Financial Reporting Council's "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks" (issued April 2016) when performing their going concern assessment. The liquidity assessment considered the ability to meet liabilities as they fall due under a base case scenario.

In order to meet its obligations to non-Group entities as they fall due, the Company has been provided with a letter of support from its immediate parent undertaking, Impala Holdings Limited ("IHL"), with a value of £140m, until 30 September 2026.

Furthermore, the Company's subsidiaries, as listed in note 14, perform their own going concern assessment. All of those entities have adequate resource to continue in operational existence and therefore do not require the Company to provide a letter of support.

As a result of this review, the Directors believe the Company has adequate resources to continue to meet its non-Group liabilities as they fall due for the period up to 30 September 2026. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The financial statements are separate financial statements and the exemption in section 400 of the Companies Act 2006 has been used not to present consolidated financial statements. 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.

The Company's immediate parent is Impala Holdings Limited whose Registered Office is 1 Wythall Green Way, Wythall, Birmingham, B47 6WG. The results of the Company are consolidated into the accounts of the Company's ultimate parent Phoenix Group Holdings Public Limited Company ('PGH plc'), a company incorporated in England and Wales. The registered address of PGH plc is 20 Old Bailey, London, EC4M 7AN.

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 have been prepared in accordance with UK adopted international accounting standards and the requirements of the Companies Act 2006.

The financial statements are presented in sterling (£) rounded to the nearest £0.1m except where otherwise stated.

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 ("IFRS") or interpretation, as specifically disclosed in the accounting policies of the Company.

(b) Critical accounting estimates and judgements

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

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of the Company's business that typically require such estimates are the determination of investments in subsidiaries and loans to Group entities and pensions scheme obligations.

PEARL LIFE HOLDINGS LIMITED

Impairment of investments in subsidiaries and loans to Group entities

Investments in subsidiaries and loans to Group entities are subject to regular impairment reviews when management are aware of objective evidence of impairment. Impairments of investments in subsidiaries are measured at the difference between the carrying value of a particular asset and its estimated value in use. Impairments of investments in loans to Group entities are measured at the difference between the carrying value and the present value of the estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the loans original effective interest rate. Impairments are recognised in the statement of comprehensive income in the period in which they occur. The Company's policies in relation to impairment testing of investments in subsidiaries and loans to Group entities are detailed in accounting policies (f) and (g) respectively.

Pension scheme obligations

The valuation of pension scheme obligations is determined using actuarial valuations that depend upon a number of assumptions, including discount rate, inflation and longevity. External actuarial advice is taken with regard to setting the financial assumptions to be used in the valuation. As defined benefit pension schemes are long-term in nature, such assumptions can be subject to significant uncertainty.

Further details of these estimates and the sensitivity of the defined benefit obligation to key assumptions are provided in note 12.

How Climate risk affects our accounting judgments and estimates

In preparation of these financial statements, the Company has considered the impact of climate change across a number of areas, predominantly in respect of the valuation of financial assets. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty, and have been assessed as having a limited effect on accounting judgments and estimates for the current period.

(c) Borrowings

Interest-bearing borrowings are recognised initially at fair value less any attributable transaction costs. The difference between initial cost and the redemption value is amortised through the statement of comprehensive income over the period of the borrowing using the effective interest method.

After initial recognition, borrowings are measured at amortised cost using the effective interest method.

(d) Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in the statement of comprehensive income or statement of changes in equity, in which case it is recognised in that the respective 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. Notes 9 and 16 reflect the income tax and deferred taxation disclosures respectively.

(e) Employee benefits

The Company is a participating employer in the Pearl Group Limited pension scheme which has a defined contribution section and a dormant defined benefit section.

Defined contribution plans

Obligation for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as and when incurred.

Defined benefit plans

The unfunded pension provision is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years, and that benefit is discounted to determine its present value.

PEARL LIFE HOLDINGS LIMITED

The net defined benefit asset/liability for the funded pension schemes is also calculated by estimating the discounted amount of future benefit that employees have earned in return for their service in the current and prior years, and the fair value of any scheme assets is deducted. The Company recognises a pension surplus on the basis that it is entitled the surplus of each scheme in the event of a gradual settlement of the liabilities, due to its ability to order a winding up of the Trust.

The Company determines the net interest income/expense for the period by applying the discount rate used to measure the defined benefit liability at the beginning of the period to the opening pension scheme asset/liability. The discount rate is the yield at the period end on AA credit rated bonds that have maturity dates approximating to the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

The movement in the net defined benefit liability is analysed between the net interest cost on the net defined benefit asset/liability recognised within the income statement and re-measurement of the net defined liability in other comprehensive income.

(f) Investments in subsidiaries

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

The Company assesses at each reporting date whether an investment in a subsidiary or group of investments in subsidiaries held at cost is impaired. The Company first assesses whether objective evidence of impairment exists. If objective evidence of impairment exists the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value and recognises the amount as an expense in the statement of comprehensive income. The impact of any impairments, and reversals of impairments, recognised in respect of investments in subsidiaries is set out in note 14.

(g) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. Subsequent to initial recognition, these investments are carried at amortised cost, using the effective interest method. Gains and losses are recognised in the statement of comprehensive income through the amortisation process.

The Company assesses at each period end whether a financial asset or group of financial assets held at amortised cost is impaired. The Company first assesses whether objective evidence of impairment exists for financial assets. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

(h) 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. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are deducted from cash and cash equivalents for the purpose of the statement of cash flows.

(i) Financial assets

Classification of Financial assets

Financial assets are measured at amortised cost where they have:

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

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

Financial assets measured at amortised cost are included in note 15.

There has been no change in the classification of debt securities and collective investment schemes which continue to be designated at fair value through profit or loss and accordingly are stated in the statement of financial position at fair value.

PEARL LIFE HOLDINGS LIMITED

Impairment of financial assets carried at amortised cost

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

The Company measures loss allowances which have low credit risk using the 12-month Expected Credit Loss ('ECL'). Interest revenue is recognised on a gross basis. A simplified approach is used to determine the loss allowances for other receivables as these are always measured at an amount equal to lifetime ECLs. See note 22 for detail of how the Company assesses whether the credit risk of a financial asset has increased since initial recognition and when estimating ECLs.

The loss allowance reduces the carrying value of the financial asset and is reassessed at each reporting date. ECLs are recognised using a provision for doubtful debts account in profit and loss. For other receivables, the ECL rate is recalculated each reporting period taking into account which counter parties are included in the reporting period.

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

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

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

Fair value estimation

The fair value of financial instruments traded in active markets such as publicly traded securities and derivatives are 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. The fair value of investments that are not traded in an active market is determined using valuation techniques such as broker quotes, pricing models or discounted cash flow techniques. Where pricing models are used, inputs are based on market related data at the period end. 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.

For units in unit trusts and shares in open-ended investment companies, fair value is determined by reference to published bid-values. The fair value of receivables and floating rate and overnight deposits with credit institutions is their carrying value. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques.

(j) Share capital and capital contributions***Ordinary share capital***

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

Capital contributions

Capital contributions received by the Company and which contain no restrictions are recognised directly in the statement of changes in equity as a distributable reserve.

(k) Income recognition

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

Interest income is recognised in the statement of comprehensive income as it accrues using the effective interest method. Dividend income is recognised 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 designated at fair value through profit or loss are recognised 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.

(l) 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.

Declared dividends are those that are appropriately authorised and are no longer at the discretion of the entity.

PEARL LIFE HOLDINGS LIMITED

(m) Finance costs

Interest payable is recognised in the statement of comprehensive income as it accrues and is calculated using the effective interest method.

(n) Events after the reporting period

The financial statements are adjusted to reflect significant events that have a material effect on the financial results and that have occurred between the period end and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the period end. Events that are indicative of conditions that arise after the period end that do not result in an adjustment to the financial statements are disclosed.

2. Financial information

The financial statements for the year ended 31 December 2024, set out on pages 11 to 40 were authorised by the Board of Directors for issue on 24 September 2025.

Adoption of new accounting pronouncements in 2024

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

- Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1).

None of the above amendments to standards are considered to have a material effect on these financial statements. 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 standards or amended standards and interpretations which apply from the dates shown. The Company has decided not to early adopt any of these standards, amendments or interpretations where this is permitted.

Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates) (1 January 2025)

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. These amendments are not expected to have any impact on the Company.

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 and IFRS 7 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 Company does not expect these amendments to have a material impact on its operations or financial statements.

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; IFRS 10 Consolidated Financial Statements - determination of a 'de facto agent'; and IAS 7 Statement of Cash Flows - cost method.

PEARL LIFE HOLDINGS LIMITED

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

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 that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, there are expected to be impacts on presentation and disclosure, particularly in relation to the statement of comprehensive income.

Income and expenses in the statement of comprehensive are required to be split into five new categories and in addition two new defined sub-totals are required in the statement of comprehensive income; operating profit and profit before financing and income taxes. From a cash flow statement perspective, the Company is required to use the operating profit sub-total as a starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

New and enhanced guidance has also been introduced on the aggregation and disaggregation of information in the financial statements. When applying these updated requirements judgement may be required to ensure that the primary financial statements fulfil their new role of providing 'useful structured summaries' to give users more useful information.

The Company will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18, including a reconciliation for each line item in the statement of comprehensive income between the restated amounts applying IFRS 18 and the amounts previously presented applying IAS 1.

During 2024, the Group performed an initial assessment of the impacts of IFRS 18 and this assessment will be extended to all Group entities in 2025.

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 Company does not currently expect this standard to have an impact on its operations or financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (Effective date deferred)

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. These amendments are not expected to have any impact on the Company.

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

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates); and
- Annual Improvements to IFRS Accounting Standards — Volume 11.

3. Net investment income

	2024 £m	2023 £m
Investment income		
Interest income on loans and receivables	65.7	43.4
Interest income on financial assets designated at fair value through profit or loss on initial recognition	1.7	1.4
Dividend income	1,019.0	1,385.0
Net expected return on pension scheme (see note 12)	2.0	0.5
	1,088.4	1,430.3
Fair value gains / (losses)		
Financial assets at fair value through profit or loss		
Designated upon initial recognition	(0.2)	0.3
	1,088.2	1,430.6
Net investment income		

Interest income on loans and receivables includes interest of £65.7m (2023: £43.4m) on loans to Group entities.

PEARL LIFE HOLDINGS LIMITED

Dividend income includes cash dividends received from subsidiaries of £1,019.0m (2023: £850.0m). In 2023, a dividend in specie of £535.0m was received from subsidiaries.

4. Employee information

The Company has no employees. Services are provided by Phoenix Group Management Services Limited, a fellow subsidiary.

5. Directors' remuneration

The Directors received the following for their services as Directors of the Company.

	2024 £	2023 £
Salaries and other short-term benefits	36,732	46,011
Remuneration (excluding pension contributions and awards under share option schemes and other long-term incentive schemes)	<u>36,732</u>	<u>46,011</u>
Share-based payments	<u>26,773</u>	<u>35,950</u>
Contributions to money purchase pension scheme	<u>1,822</u>	<u>1,755</u>
Highest paid Director's remuneration:		
	2024 £	2023 £
Remuneration (excluding pension contributions and awards under share option schemes and other long-term incentive schemes)	<u>14,365</u>	<u>28,817</u>
Share-based payments	<u>4,365</u>	<u>30,500</u>
Contributions to money purchase pension schemes	<u>1,064</u>	<u>425</u>
Number of Directors who are members of a money purchase pension scheme	<u>2</u>	<u>2</u>
Number of Directors who exercised share options during the year	<u>3</u>	<u>1</u>

The Directors are employed by Phoenix Group Management Services Limited. The total compensation paid to the Directors of the Company relates to services to the Company, irrespective of which entity within the Group has paid the compensation.

For the purposes of this note an apportionment of the total remuneration paid to the Directors of the Company by the Phoenix Group has been made based on an estimate of the services rendered to the Company.

During the year to 31 December 2024 key management personnel and their close family members contributed £117,000 (2023: £39,000) to pensions and savings products sold by the Group. At 31 December 2024, the total value of their investments in Group pensions and savings products was £366,000 (2023: £396,000).

6. Auditors' remuneration

The remuneration of the auditors of the Company included in the financial statements was £0.1m (2023: £0.1m) which is borne by another group entity.

PEARL LIFE HOLDINGS LIMITED

7. Administrative expenses

	2024 £m	2023 £m
Service and project costs	4.9	0.3
Pension scheme administration costs (see note 12)	2.2	2.6
	<u>7.1</u>	<u>2.9</u>

8. Finance costs

	2024 £m	2023 £m
Interest expense on borrowings at amortised cost	<u>3.6</u>	<u>29.7</u>

Interest expense on borrowings includes interest of £3.6m (2023: £29.7m) on loans from Group entities.

9. Tax charge***Current year tax charge***

	2024 £m	2023 £m
Current tax:		
UK Corporation tax	5.2	(0.4)
Adjustments in respect of prior periods	-	0.8
Total current tax	<u>5.2</u>	<u>0.4</u>
Deferred tax:		
Origination and reversal of temporary differences	9.5	3.5
Change in the rate of UK Corporation tax	-	0.2
Adjustments in respect of prior periods	-	(1.2)
Total deferred tax	<u>9.5</u>	<u>2.5</u>
Total tax charge	<u>14.7</u>	<u>2.9</u>

Tax charged to other comprehensive income

	2024 £m	2023 £m
Deferred tax on re-measurements of net defined benefit schemes	<u>2.3</u>	<u>(0.5)</u>

Reconciliation of tax charge

	2024 £m	2023 £m
Profit for the year before tax	<u>1,065.7</u>	<u>1,422.8</u>
Tax at standard UK rate of 25 % (2023: 23.5%)	266.4	334.4
Non-taxable income	(254.7)	(325.5)
Disallowable (non-taxable reversal of) impairments of investments in subsidiaries	3.0	(5.8)
Deferred tax rate change	-	0.2
Adjustments in respect of prior periods	-	(0.4)
Total tax charge for the year	<u>14.7</u>	<u>2.9</u>

PEARL LIFE HOLDINGS LIMITED

Factors affecting the current and future tax charges

A corporation tax rate of 25% was enacted on 10 June 2021, with effect from 1 April 2023. Accordingly, the relevant deferred tax balances have been measured at 25%.

The Company has losses that have a potential deferred tax asset value of £1.1m which are not recognised because, based on forecasts, they are not expected to be utilised. The losses do not expire.

Pillar Two Tax

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 has been 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.

10. Share capital

	2024 £m	2023 £m
Issued and fully paid:		
150,000,002 (2023: 150,000,002) ordinary 'A' shares of £1 each	<u>150.0</u>	<u>150.0</u>

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

11. Capital contributions

	2024 £m	2023 £m
At 1 January	5,705.2	1,901.5
Capital contributions received	-	3,803.7
At 31 December	<u>5,705.2</u>	<u>5,705.2</u>

During the year ended 31 December 2023, materially all of the net assets of Standard Life Assurance Limited and Phoenix Life Assurance Limited, fellow group undertaking were transferred to PLL, a direct subsidiary of the Company. As a result, the Company's investment in PLL increased by £3,767.5m. This transfer was made at nil consideration.

During October 2023, the role of scheme sponsor for the Pearl Pension Scheme was transferred from Pearl Group Holdings (No.2) Limited, a fellow group undertaking, to the Company. The Company recognised a capital contribution in equity corresponding to the gain on the transfer – see note 12. The gain recognised as a capital contribution was £36.2m.

PEARL LIFE HOLDINGS LIMITED

12. Pension schemes

The Company's defined benefit schemes typically expose the Group to a number of risks, the most significant of which are asset volatility, inflation risk and life expectancy.

A potential additional risk was identified during the period. A High Court legal ruling in June 2023 (Virgin Media Limited v NTL Pension Trustees II Limited) decided that certain rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. In July 2024, an appeal by Virgin Media Limited was dismissed by the High Court, affirming the initial judgment. While the ruling only applied to the specific pension scheme in question, it now forms part of case law and can therefore be expected to apply across other pension schemes.

During the year, an exercise to assess the impact of this ruling on the Abbey Life Scheme and the Pearl Scheme was commenced. For the Abbey Life Scheme, an exercise to update the scheme rules in 2017 identified several earlier rule amendments where the correct actuarial confirmation could not be located. The legal advice the Scheme received at the time was that it was unlikely that any of these amendments would lead to a retrospective increase in benefits. Some precautionary remedial measures were taken at the time, including a benefit recertification exercise. The Company's view at 31 December 2024 was that none of these rule amendments were sufficiently likely or material to warrant the recognition of a potential obligation in the statement of financial position. For the Pearl Scheme the entity was not aware of any previous rule changes that were sufficiently likely to warrant the recognition of a potential obligation at 31 December 2024.

On 5 June 2025, the Government confirmed it intends to legislate in relation to the Virgin Media ruling, to allow any missing actuarial confirmation following a benefit change to be provided on a retrospective basis. Management's confidence that the ruling will not impact the value of liabilities in the Group's defined benefit pension schemes has therefore increased since the initial assessment was performed.

Abbey Life Staff Pension Scheme ("Abbey Life Scheme")***Scheme details***

On 30 June 2017, the Abbey Life Scheme was transferred from Abbey Life Assurance Company Limited, a fellow subsidiary, to the Company. The Company assumed the Abbey Scheme covenant together with all obligations of the Abbey Scheme following implementation of the transfer.

The Abbey Life Scheme is a registered occupational pension scheme, set up under Trust, and legally separate from the Company. The Scheme is administered by Abbey Life Trust Securities Limited (the 'Trustee'), a corporate trustee. There are three Trustee Directors, one of whom is nominated by the Scheme members and two of whom are appointed by the Company. The Trustee is responsible for administering the Scheme in accordance with the Trust Deed and rules and pensions laws and regulations. The Scheme is closed to new entrants and has no active members.

The valuation has been based on an assessment of the liabilities of the Abbey Life Scheme as at 31 December 2024 undertaken by independent qualified actuaries. The present values of the defined benefit obligation and the related interest costs have been measured using the projected unit credit method.

Funding

The last funding valuation of the Scheme was carried out by a qualified actuary as at 31 March 2024 and showed a deficit of £13.0m. Following completion of the funding valuation a recovery plan was agreed between the Company and the Trustee of the Scheme to pay monthly contributions of £0.4m into the Scheme until 30 June 2026 to eliminate the funding shortfall.

A new schedule of contributions was agreed effective from May 2025, for the Company to pay monthly contributions in respect of administration expenses of £121,607 payable up to 31 March 2026, then increasing annually in line with the Retail Prices Index assumption to 31 May 2030. This is in addition to the amounts payable under the recovery plan.

The final payment of £4m into the New 2026 Charged Account agreed as part of the 2016 funding agreement has been deferred until 2027. The Charged Accounts are Escrow accounts which were created in 2010 to provide the Trustees with additional security in light of the funding deficit. The amounts held in the Charged Accounts do not form part of the Scheme assets.

Under the terms of the New 2016 Funding Agreement the funding position of the Scheme will be assessed as at 31 March 2027. A payment will be made from the New 2016 Charged Account to the Scheme if the results of the assessment reveal a shortfall calculated in accordance with the terms of the New 2016 Funding Agreement. The amount of the payment will be the lower of the amount of the shortfall and the amount held in the New 2016 Charged Account.

PEARL LIFE HOLDINGS LIMITED

Summary of amounts recognised in the financial statements

The amounts recognised in the financial statements are as follows:

	Fair Value of Scheme Assets £m	Defined benefit obligation £m	Minimum funding require- ment obligation £m	Total £m
At 1 January 2024	210.9	(218.2)	(1.4)	(8.7)
Interest income/(expense)	9.5	(9.7)	(0.1)	(0.3)
Administrative expenses	(2.2)	-	-	(2.2)
Included in profit or loss	7.3	(9.7)	(0.1)	(2.5)
Re-measurements:				
Return on plan assets excluding amounts included in interest income	(19.1)	-	-	(19.1)
Experience loss	-	(0.1)	-	(0.1)
Gain from changes in demographic assumptions	-	0.1	-	0.1
Loss from changes in financial assumptions	-	20.4	-	20.4
Change in minimum funding requirement obligation	-	-	1.5	1.5
Included in other comprehensive income	(19.1)	20.4	1.5	2.8
Employer's contributions	6.2	-	-	6.2
Benefit payments	(13.2)	13.2	-	-
At 31 December 2024	192.1	(194.3)	-	(2.2)

PEARL LIFE HOLDINGS LIMITED

	Fair Value of Scheme Assets £m	Defined benefit obligation £m	Minimum funding require- ment obligation £m	Total £m
At 1 January 2023	206.4	(211.0)	(3.8)	(8.4)
Interest income/(expense)	10.1	(10.2)	-	(0.1)
Administrative expenses	(2.4)	-	(0.2)	(2.6)
Included in profit or loss	7.7	(10.2)	(0.2)	(2.7)
Re-measurements:				
Return on plan assets excluding amounts included in interest income	2.2	-	-	2.2
Experience loss	-	(4.1)	-	(4.1)
Gain from changes in demographic assumptions	-	2.3	-	2.3
Loss from changes in financial assumptions	-	(6.7)	-	(6.7)
Change in minimum funding requirement obligation	-	-	2.6	2.6
Included in other comprehensive income	2.2	(8.5)	2.6	(3.7)
Employer's contributions	6.1	-	-	6.1
Benefit payments	(11.5)	11.5	-	-
At 31 December 2023	210.9	(218.2)	(1.4)	(8.7)

Scheme assets

The distribution of the scheme assets at the end of the year was as follows:

	Total 2024 £m	Of which not quoted in an active market 2024 £m	Total 2023 £m	Of which not quoted in an active market 2023 £m
Diversified income fund	54.2	-	45.6	-
Corporate bonds	85.9	-	96.8	-
Derivatives	(85.9)	(85.9)	(85.4)	(85.4)
Fixed interest government bonds	131.3	-	148.0	-
Cash and cash equivalents	6.6	-	5.9	-
Pension scheme assets	192.1	(85.9)	210.9	(85.4)

The actual return on plan assets was a loss of £9.6m (2023: gain of £12.3m).

Derivative values above include interest rate and inflation rate swaps and foreign exchange forward contracts. The Scheme has mitigated its inflation risk through an inflation swap. It is currently exposed to interest rate risk to the extent that the holdings in bonds are mismatched to the scheme liabilities. The long-term intention is to fully hedge this risk through an interest rate swap. Further key risks that will remain are longevity and credit spread exposures.

PEARL LIFE HOLDINGS LIMITED

Defined benefit obligation

The calculation of the defined benefit obligation can be allocated to the Scheme's members as follows:

- Deferred scheme members: 35% (2023: 44%); and
- Pensioners: 65% (2023: 56%)

The weighted average duration of the defined benefit obligation at 31 December 2024 is 11.0 years (2023: 13.5 years).

Principal assumptions

The principal financial assumptions of the Abbey Life Scheme are set out below.

	2024 %	2023 %
Rate of increase for pensions in payment (5% per annum or RPI if lower)	3.00	2.90
Rate of increase for deferred pensions (CPI subject to caps)	2.70	2.60
Discount rate	5.55	4.60
Inflation – RPI	3.20	3.10
Inflation – CPI	2.70	2.60

The discount rate and inflation assumptions have been determined by considering the shape of the appropriate yield curves and the duration of the Abbey Life Scheme liabilities. This method determines an equivalent single rate for each of the discount and inflation rates, which is derived from the profile of projected benefit payments.

The post-retirement mortality assumptions are in line with a scheme-specific table which was derived from the actual mortality experience in recent years, performed as part of the actuarial funding valuation as at 31 March 2024, using the SAPS S4 'Light' tables for males and for females based on year of use. Future longevity improvements from 1 January 2024 are based on amended CMI 2023 Core Projections (2023: From 1 January 2021 based on amended CMI 2021 Core Projections) and a long-term rate of improvement of 1.6% (2023: 1.5%) per annum for males and 1.2% (2023: 1.2%) per annum for females. Under these assumptions the average life expectancy from retirement for a member currently aged 45 retiring at age 65 is 24.6 years and 25.6 years for male and female members respectively (2023: 24.5 years and 25.6 years respectively).

A quantitative sensitivity analysis for significant actuarial assumptions is shown below:

2024

Assumptions	Base	Discount rate		Retail Price Index		Life expectancy	
Sensitivity level		25bps increase	25bps decrease	25bps increase	25bps decrease	1 year increase	1 year decrease
	£m	£m	£m	£m	£m	£m	£m
Impact on the defined benefit obligation at 31 December 2024	194.3	(5.2)	5.4	3.6	(3.7)	6.3	(6.4)

2023

Assumptions	Base	Discount rate		Retail Price Index		Life expectancy	
Sensitivity level		25bps increase	25bps decrease	25bps increase	25bps decrease	1 year increase	1 year decrease
	£m	£m	£m	£m	£m	£m	£m
Impact on the defined benefit obligation at 31 December 2023	218.2	(6.7)	6.9	4.5	(4.6)	7.1	(7.2)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognised within the statement of financial position.

PEARL LIFE HOLDINGS LIMITED

Pearl Group Staff Pension Scheme***Scheme details***

The Pearl Group Staff Pension Scheme ('the Pearl Scheme') comprises a final salary section, a money purchase section and a hybrid section (a mix of final salary and money purchase). The Pearl Scheme is closed to new members and has no active members.

Defined benefit scheme

The Pearl Scheme is established under, and governed by, the trust deeds and rules and has been funded by payment of contributions to a separately administered trust fund. From 1 October 2023, the Company is the principal employer of the Pearl Scheme having assumed that role from Pearl Group Holdings (No.2) Limited, a fellow group undertaking. The Company assumed the Scheme covenant together with all obligations of the Pearl Scheme following the transfer. As at 1 October 2023 assets of £48.3m, insurance policies of £1,399.1m and liabilities of £1,399.1m were transferred from PGH2 to the Company.

The principal employer meets the administration expenses of the Pearl Scheme. The Pearl Scheme is administered by a separate trustee company, P.A.T. (Pensions) Limited, which is separate from the Company. The trustee company is comprised of three representatives from the Phoenix Group, three member nominated representatives and one independent trustee in accordance with the trustee company's articles of association. The trustee is required by law to act in the interest of all relevant beneficiaries and is responsible for the investment policy with regard to the assets.

The valuation has been based on an assessment of the liabilities of the Pearl Scheme as at 31 December 2024, undertaken by independent qualified actuaries. The present values of the defined benefit obligation and the related interest costs have been measured using the projected unit credit method.

A triennial funding valuation of the Pearl Scheme as at 30 June 2021 was completed in 2022 by a qualified actuary. This showed a surplus as at 30 June 2021 of £67.0m, on the agreed technical provisions basis. The funding and IFRS accounting bases of valuation can give rise to different results for a number of reasons. The funding basis of valuation is based on general principles of prudence whereas the accounting valuation is based on best estimates. Discount rates are gilt-based for the funding valuation whereas the rate used for IFRS valuation purposes is based on a yield curve for high quality AA-rated corporate bonds. In addition, the values are prepared at different dates which will result in differences arising from changes in market conditions and employer contributions made in the subsequent period.

Pension scheme commitment agreement

No contributions were paid to the Pearl Scheme in either the current or prior period. The Company has met the administrative and non-investment running expenses of the Scheme as set out in the schedule of contributions (PGH2 prior to 1 October 2023).

PEARL LIFE HOLDINGS LIMITED

Summary of amounts recognised in the financial statements

The amounts recognised in the financial statements are as follows:

	Fair Value of Scheme Assets £m	Insurance policies £m	Defined benefit obligation £m	Total £m
At 1 January 2024	49.8	1,507.1	(1,507.1)	49.8
Interest income/(expense)	2.3	66.7	(66.7)	2.3
Included in profit or loss	2.3	66.7	(66.7)	2.3
Re-measurements:				
Return on plan assets excluding amounts included in interest income	(4.0)	(116.4)	-	(120.4)
Gain from change in demographic assumptions	-	-	(9.3)	(9.3)
Gain from change in financial assumptions	-	-	142.7	142.7
Experience loss	-	-	(17.0)	(17.0)
Included in other comprehensive income	(4.0)	(116.4)	116.4	(4.0)
Benefit payments	-	(99.4)	99.4	-
At 31 December 2024	48.1	1,358.0	(1,358.0)	48.1

PEARL LIFE HOLDINGS LIMITED

	Fair Value of Scheme Assets £m	Insurance policies £m	Defined benefit obligation £m	Total £m
At 1 January 2023	-	-	-	-
Transfer from fellow Group undertaking	48.3	1,399.1	(1,399.1)	48.3
Interest income/(expense)	0.6	17.6	(17.6)	0.6
Included in profit or loss	0.6	17.6	(17.6)	0.6
Re-measurements:				
Return on plan assets excluding amounts included in interest income	0.9	115.4	-	116.3
Gain from change in demographic assumptions	-	-	11.9	11.9
Gain from change in financial assumptions	-	-	(145.3)	(145.3)
Experience loss	-	-	18.0	18.0
Included in other comprehensive income	0.9	115.4	(115.4)	0.9
Benefit payments	-	(25.0)	25.0	-
At 31 December 2023	49.8	1,507.1	(1,507.1)	49.8

Scheme assets

The distribution of the scheme assets at the end of the year was as follows:

	2024		2023	
	Total £m	Of which not quoted in an active market £m	Total £m	Of which not quoted in an active market £m
Infrastructure / Property	-	-	0.3	0.3
Private equities	3.0	3.0	4.8	4.8
Hedge funds	2.2	2.2	2.4	2.4
Cash and other	42.9	-	42.3	-
	48.1	5.2	49.8	7.5
Insurance policies	1,358.0	1,358.0	1,507.1	1,507.1
Total scheme assets	1,406.1	1363.2	1,556.9	1,514.6

Defined benefit obligation

The calculation of the defined benefit obligation can be allocated to the scheme's members as follows:

- Deferred scheme members: 29% (2023: 33%); and
- Retirees: 71% (2023: 67%)

The weighted average duration of the defined benefit obligation at 31 December 2024 is 10.0 years (2023: 13.5 years).

PEARL LIFE HOLDINGS LIMITED

Principal assumptions

The principal financial assumptions of the Pearl Scheme are set out below.

	2024 %	2023 %
Rate of increase for pensions in payment (5% per annum or RPI if lower)	3.00	2.90
Rate of increase for deferred pensions (CPI)	2.70	2.60
Discount rate	5.55	4.60
Inflation – RPI	3.20	3.10
Inflation – CPI	2.70	2.60

The discount rate and inflation rate assumptions have been determined by considering the shape of the appropriate yield curves and the duration of the Scheme's liabilities. This method determines an equivalent single rate for each of the discount and inflation rates, which is derived from the profile of projected benefit payments.

The post-retirement mortality assumptions are in line with a scheme-specific table which was derived from the actual mortality experience in recent years based on the SAPS standard tables for males and for females based on year of use. Future longevity improvements from 1 January 2017 are based on amended CMI 2023 Core Projections (2023: From 1 January 2021 based on amended CMI 2022 Core Projections) and a long-term rate of improvement of 1.6% (2023: 1.5%) per annum for males and 1.2% (2023: 1.2%) per annum for females. Under these assumptions, the average life expectancy from retirement for a member currently aged 40 retiring at age 60 is 29.1 years and 30.4 years for male and female members respectively (2023: 29.0 years and 30.3 years respectively).

A quantitative sensitivity analysis for significant actuarial assumptions is shown below:

Assumptions	Base	Discount rate		Retail Price Index		Life expectancy	
Sensitivity level		25bps increase	25bps decrease	25bps increase	25bps decrease	1 year increase	1 year decrease
	£m	£m	£m	£m	£m	£m	£m
Impact on the defined benefit obligation at 31 December 2024	1,358.0	(35.0)	34.0	19.0	(18.0)	37.0	(37.0)
Impact on the defined benefit obligation at 31 December 2023	1,507.1	(40.7)	42.8	23.0	(22.4)	37.5	(37.5)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension asset recognised within the statement of financial position.

13. Borrowings

	Carrying value		Fair value	
	2024	2023	2024	2023
	£m	£m	£m	£m
Amounts owed to Group entities				
(i) Loan from Phoenix Group Management Services Limited ('PGMS')	51.5	51.5	51.4	51.2
(iii) Loan from Phoenix Life Limited ('PLL')	9.5	-	9.7	-
Total borrowings	61.0	51.5	61.1	51.2
Amount due for settlement within 12 months	-	-		
Amount due for settlement after 12 months	61.0	51.5		

The Company has received the following loans from either subsidiaries or fellow group entities:

- (i) With effect from 31 December 2016, the Company and PGMS entered into a loan agreement with an initial advance of £51.5m. This loan accrues interest at compounded SONIA plus a margin of 0.7800% which is payable semi-annually on 30 June and 31 December. The loan has a maturity date of 31 December 2026. Interest of £3.1m was paid on this loan during the year (2023: £2.8m).

PEARL LIFE HOLDINGS LIMITED

- (ii) With effect from 1 March 2024, the Company and PGMS entered into a loan agreement with an initial advance of £9.0m. This loan accrues interest at compounded SONIA plus a margin of 1.3500% which is payable semi-annually on 30 June and 31 December. The loan has a maturity date of 1 March 2029. Interest of £0.5m was capitalised on this loan during the year.

Reconciliation of borrowings

The table below details the changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

2024	1 Jan £m	Cash flow items		Non cash flow items		31 Dec £m
		New loans £m	Loan repaid	Interest capitali sed £m	Loan take-on	
Loan from PGMS	51.5	-	-	-	-	51.5
Loan from PLL	-	9.0	-	0.5	-	9.5
Total borrowings	<u>51.5</u>	<u>9.0</u>	<u>-</u>	<u>0.5</u>	<u>-</u>	<u>61.0</u>

2023	1 Jan £m	Cash flow items		Non cash flow items		31 Dec £m
		New loans £m	Loan repaid	Interest capitali sed £m	Loan take-on	
Loan from PGMS	51.5	-	-	-	-	51.5
Loan from PGHP	541.4	-	(830.6)	27.0	262.2	-
Total borrowings	<u>592.9</u>	<u>-</u>	<u>(830.6)</u>	<u>27.0</u>	<u>262.2</u>	<u>51.5</u>

Determination of fair value and fair value hierarchy of borrowings

Borrowings are categorised as Level 3 financial instruments. The fair value of borrowings with no external market is determined by internally developed discounted cash flow models using a risk adjusted discount rate corroborated with external market data where possible.

There were no level 1 or level 2 borrowings in 2024 or 2023.

There were no fair value gains or losses recognised in other comprehensive income.

PEARL LIFE HOLDINGS LIMITED

14. Investments in subsidiaries

	2024 £m	2023 £m
Cost		
At 1 January	10,952.4	6,934.8
Capital contributions from ultimate parent	-	3,767.5
Capital contributions made to subsidiaries	198.3	250.1
At 31 December	11,150.7	10,952.4
Impairment		
At 1 January	(3,244.7)	(3,269.5)
Impairment charge	(11.8)	-
Reversal of impairment	-	24.8
At 31 December	(3,256.5)	(3,244.7)
Carrying amount		
At 31 December	7,894.2	7,707.7

During the year ended 31 December 2023, materially all of the net assets of Standard Life Assurance Limited and Phoenix Life Assurance Limited, fellow group undertakings, were transferred to PLL, a direct subsidiary of the Company. As a result, the Company's investment in PLL increased by £3,767.5m PLL. This transfer was made at nil consideration.

During the year, the Company paid capital contributions of £198.3m (2023: £250.1m) to Phoenix Life Limited ("PLL"). It also received returns of capital contribution of £419.0m (2023: £850.0m) by way of dividend from PLL.

Where indicators of impairment have been identified the carrying value of the Company's investments in its subsidiaries has been tested for impairment at the period end. The recoverable amount of each subsidiary is based on its value in use. The value in use of the life insurance subsidiaries has been calculated based on dividend projections on a consistent basis to that set out in the Company's business plan approved by the Board. These dividend projections reflect the emergence of surplus from in-force business on a Solvency II basis, together with the impact of planned management actions in the next five years and any anticipated new business. The contribution to value in use of the non-life entities, which do not generate revenues external to the Company, was based on their Solvency II Own Funds as at the balance sheet date. The value in use calculation has used a discount rate of 9.2%, calculated using a risk adjusted weighted average cost of capital approach.

Following an assessment of the Company's investments in its subsidiaries, an impairment of investment in PAGI of £11.8m (2023: reversal of impairments of £24.8m) was recognised to align the carrying value of certain investments to their recoverable amount.

The subsidiaries of the Company at 31 December 2024 were as follows:

	Country of incorporation and principal place of operation	Class of shares held (wholly-owned unless otherwise indicated)
Abbey Life Trust Securities Limited *	UK	Ordinary shares of £1
Century Trustee Services Limited *	UK	Ordinary shares of £1
Impala Loan Company 1 Limited † ^	UK	Ordinary shares of £1
PA (GI) Limited *	UK	Ordinary shares of £0.01 and Deferred shares of £0.25
Pearl AL Limited #	UK	Ordinary shares of £1
PG Dormant (No 4) Limited *	UK	Ordinary shares of £1
PG Dormant (No 5) Limited *	UK	Ordinary shares of £1
PG Dormant (No 6) Limited *	UK	Ordinary shares of £1
Phoenix Advisers Limited*	UK	Ordinary shares of £1
Phoenix and London Assurance Limited *	UK	Ordinary shares of £1
Phoenix Life Limited *	UK	Ordinary shares of £1
Phoenix Wealth Holdings Limited *	UK	Ordinary shares of £1
Phoenix SCP Limited *	UK	Ordinary shares of £1

PEARL LIFE HOLDINGS LIMITED

Phoenix SL Direct Limited *	UK	Ordinary shares of £1
Scottish Mutual Assurance Limited #	UK	Ordinary shares of £0.10
SL Liverpool plc *	UK	Ordinary shares of £1
Standard Life Mortgages Limited *	UK	Ordinary shares of £1
Standard Life Financial Advice Services Limited *	UK	Ordinary shares of £1
Standard Life Lifetime Mortgages Limited #	Scotland	Ordinary shares of £1
The Scottish Mutual Assurance Society #	UK	Limited by guarantee

The Company also owns the following principal subsidiaries through the subsidiary companies listed above:

Phoenix ER1 Limited *	UK	Ordinary shares of £1
Phoenix ER3 Limited *	UK	Ordinary shares of £1
Phoenix ER4 Limited *	UK	Ordinary shares of £1
Phoenix ER5 Limited *	UK	Ordinary shares of £1
Phoenix ER6 Limited *	UK	Ordinary shares of £1
Phoenix SPV1 Limited *	UK	Ordinary shares of £1
Phoenix SPV2 Limited *	UK	Ordinary shares of £1
Phoenix SPV3 Limited *	UK	Ordinary shares of £1
Phoenix SPV4 Limited *	UK	Ordinary shares of £1
Phoenix Unit Trust Managers Limited *	UK	Ordinary shares of £1
Phoenix Wealth Services Limited *	UK	Ordinary shares of £1
Standard Life Assets and Employee Services Limited #	Scotland	Ordinary shares of £1
Standard Life Pension Funds Limited #	Scotland	Ordinary shares of £1
SunLife Limited *	UK	Ordinary shares of £1

The companies are principally engaged in the transaction of long-term insurance or related business. All holdings represent 100% of the normal issued share capital, unless stated otherwise.

* : The registered address of these companies is 1 Wythall Green Way, Wythall, Birmingham, B47 6WG.

† : The registered address of these companies is Abbey National House, 301 St Vincent Street, Glasgow, G2 5HN.

: The registered address of these companies is Standard Life House, 30 Lothian Road, Edinburgh, EH1 2 DH.

^: The company was dissolved on 29 April 2025.

15. Loans and receivables

	Carrying value		Fair value	
	2024	2023	2024	2023
	£m	£m	£m	£m
Loans to Group entities at amortised cost:				
a) Loan to Impala Holdings Limited ('IHL')	889.3	838.5	888.1	832.9
b) Loan to Phoenix Group Holdings plc ('PGHP')	419.8	21.4	419.8	21.4
Total	<u>1,309.1</u>	<u>859.9</u>	<u>1,307.9</u>	<u>854.3</u>
Amounts due within 12 months	<u>419.8</u>	<u>21.4</u>		
Amounts due after 12 months	<u>889.3</u>	<u>838.5</u>		

- a) On 31 December 2016, the Company and IHL entered into a new loan agreement, with an initial advance of £1,161.8m. This loan accrues interest of compounded SONIA plus a margin of 0.7800% and has a maturity date of 31 December 2026. During the year, interest of £50.8m was capitalised.

The loan is not considered to be past due or impaired.

- b) On 13 September 2023, the Company along with certain fellow subsidiaries, entered into an uncommitted intra-group cash-pooling facility with PGHP, under which the Company will either borrow funds from, or lend funds to, PGHP. All amounts due under the facility attract interest at SONIA and are repayable on demand.

During the year, the Company received advances of £216.7m and repaid £600.0m. During the year, interest of £15.1m was capitalised.

PEARL LIFE HOLDINGS LIMITED

Determination of fair value and fair value hierarchy of loans to Group entities

Loans and receivables are categorised as Level 3 financial instruments. The fair value of loans to Group entities with no external market is determined by internally developed discounted cash flow models using a risk adjusted discount rate corroborated with external market data where possible.

There were no level 1 or level 2 loans to Group entities in 2024 or 2023.

There were no fair value gains or losses recognised in other comprehensive income.

16. Tax assets and liabilities

	2024 £m	2023 £m
Deferred Tax		
Deferred tax asset	0.1	11.9

Movement in deferred tax assets

Year ended 31 December 2024

	1 Jan £m	Recognised in the income statement £m	Recognised in comprehensive income £m	Pension Transfer from PGH2 £m	31 Dec £m
Tax losses	16.9	(5.3)	-	-	11.6
Committed future pension contributions	3.0	-	(3.0)	-	-
Pension scheme deficit	(10.6)	(1.6)	0.7	-	(11.5)
Provisions and OTDs	2.6	(2.6)	-	-	-
	11.9	(9.5)	(2.3)	-	0.1

Year ended 31 December 2023

	1 Jan £m	Recognised in the income statement £m	Recognised in comprehensive income £m	Pension Transfer from PGH2 £m	31 Dec £m
Tax losses	16.9	-	-	-	16.9
Committed future pension contributions	3.9	-	(0.9)	-	3.0
Pension scheme deficit	-	0.1	1.4	(12.1)	(10.6)
Provisions and OTDs	5.2	(2.6)	-	-	2.6
	26.0	(2.5)	0.5	(12.1)	11.9

A corporation tax rate of 25% was enacted on 10 June 2021, with effect from 1 April 2023. Accordingly, the relevant deferred tax balances have been measured at 25%.

The Deferred Tax Asset ('DTA') is recognised on the basis that the group is projected to have future taxable profits and therefore the expected future tax losses that give rise to the DTA can be utilised. Deferred tax assets are recognised only when projections indicate that it is more likely than not that timing differences will reverse, or losses will be relieved within the group.

PEARL LIFE HOLDINGS LIMITED

	2024 £m	2023 £m
Deferred Tax		
Deferred tax assets have not been recognised in respect of:		
Capital losses carried forward	1.1	1.2
Total deferred tax assets not recognised	<u>1.1</u>	<u>1.2</u>

17. Tax recoverable

	2024 £m	2023 £m
Current tax assets	<u>3.1</u>	<u>-</u>

18. Accrued income

	2024 £m	2023 £m
Accrued interest on debt securities	0.5	0.1
Accrued interest on loan to parent undertaking	-	0.3
	<u>0.5</u>	<u>0.4</u>

Accrued interest on intercompany loan of £nil (2023: £0.3m) is due on the loan to Impala Holdings, the Company's immediate parent undertaking (See note 15).

19. Financial assets

	2024 £m	2023 £m
Financial assets at fair value through profit or loss		
Designated upon initial recognition		
Debt securities	19.2	8.7
Collective investment schemes	14.0	19.3
	<u>33.2</u>	<u>28.0</u>
Amounts due within 12 months	<u>14.0</u>	<u>19.3</u>
Amounts due after 12 months	<u>19.2</u>	<u>8.7</u>

Debt securities of £19.2m (2023: £8.7m) and collective investment schemes of £14.0m (2023: £19.3m) are held in the 2016 Charged Account in favour of the Abbey Life Staff Pension Scheme – see note 12.

Determination of fair value and fair value hierarchy of financial assetsLevel 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 provided by recognised pricing services. Market depth and bid-ask spreads are used to corroborate whether an active market exists for an instrument. 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 collective investment schemes and shares in open ended investment companies, fair value is by reference to published bid values.

PEARL LIFE HOLDINGS LIMITED

Level 2 financial instruments

Financial instruments traded in active markets with less depth or wider bid-ask spreads which do not meet the classification as Level 1 inputs, are classified as Level 2. The fair values of financial instruments not traded in active markets are determined using broker quotes or valuation techniques with observable market inputs. Financial instruments valued using broker quotes are classified at Level 2, only where there is a sufficient range of available quotes. The fair value of unquoted equities, over the counter derivatives, loans and deposits and collective investment schemes, where published bid prices are not available, are estimated using pricing models or discounted cash flow techniques. Where pricing models are used, inputs are based on market related data at the period end. Where discounted cash flows are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

Year ended 31 December 2024	Level 1 £m	Level 2 £m	Total £m
Financial assets at fair value through profit or loss			
Debt securities	19.2	-	19.2
Collective investment schemes	14.0	-	14.0
	<u>33.2</u>	<u>-</u>	<u>33.2</u>
Year ended 31 December 2023	Level 1 £m	Level 2 £m	Total £m
Financial assets at fair value through profit or loss			
Debt securities	8.7	-	8.7
Collective investment schemes	19.3	-	19.3
	<u>28.0</u>	<u>-</u>	<u>28.0</u>

There were no level 3 financial assets in 2024 or 2023.

20. Cash and cash equivalents

	2024 £m	2023 £m
Cash at bank	<u>4.7</u>	<u>4.6</u>

Cash at bank of £ 4.7m (2023: £4.6m) is held in the 2016 Charged Account in favour of the Abbey Life Staff Pension Scheme – see note 12.

PEARL LIFE HOLDINGS LIMITED

21. Cash flows from operating activities

	2024 £m	2023 £m
Profit for the year before tax	1,065.7	1,422.8
Adjustments to reconcile profit for the year to net cash flows from operating activities in respect of:		
Dividends received	(1,019.0)	(1,385.0)
Interest income on loans and receivables	(65.8)	(43.1)
Interest income on financial assets designated at fair value through profit or loss on initial recognition	-	(0.4)
Fair value gains / (losses)	0.2	(0.3)
Interest expense on borrowings	3.6	29.7
Pension scheme administration costs	2.2	2.6
Net expected returned on pension scheme	(2.1)	(0.5)
Movements in impairments of investments in subsidiaries	11.8	(24.8)
Contributions to defined benefit pension scheme	(6.2)	(6.1)
Changes in operating assets and liabilities	(9.7)	3.1
Cash utilised by operations	<u>(19.3)</u>	<u>(2.0)</u>

22. Capital and risk management

The Company's capital comprises share capital and all reserves. At 31 December 2024 total capital was £9,222.5m (2023: £8,594.0m). The movement in capital in the year comprises the receipt of a capital contribution of £nil (2023: £3,803.7m), total comprehensive income for the year of £1,047.5m (2023: £1,417.6m) and dividend payment of £419.0m (2023: £535.0m).

There are no externally imposed capital requirements on the Company. The Company's capital is monitored by the Directors and managed on an on-going basis via a monthly close process to ensure that it remains positive at all times.

The principal risks and uncertainties facing the Company are:

- Interest rate risk**
 The movement in interest rates will impact the value of interest payable and receivable by the Company.

 An increase of 1% in interest rates, with all other variables held constant, would result in an increase in profit after tax in respect of a full financial year and in equity of £24.0m (2023: £7.1m). A decrease of 1% in interest rates, with all other variables held constant, would result in a decrease in profit after tax in respect of a full financial year and in equity of £24.0m (2023: £7.1m).
- Liquidity risk**
 Exposure to liquidity risk arises as a result of normal business activities, specifically the risk arising from an inability to meet short-term cash flow requirements. The following table provides a maturity analysis showing the remaining contractual maturities of the Company's undiscounted financial liabilities and associated interest.

	1 year or less or on demand £m	1-5 years £m	Greater than 5 years £m	Total £m
2024				
Borrowings	3.0	66.8	-	69.8
Amounts owed to Group entities	7.3	-	-	7.3
2023				
Borrowings	2.2	56.1	-	58.3
Amounts owed to Group entities	8.1	-	-	8.1
- 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.

PEARL LIFE HOLDINGS LIMITED

Credit risk management practices

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

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

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

2024	Note	External credit rating	Internal credit rating	12m or lifetime ECL?	Gross carrying amount £m	Loss allowance £m	Net carrying amount £m
Loans and receivables	15	N/A	Performing	12m ECL	1,309.1	-	1,309.1
Financial assets	19	AAA	Performing	12m ECL	14.0	-	14.0
Financial assets	19	BBB+	Performing	12m ECL	19.2	-	19.2

2023	Note	External credit rating	Internal credit rating	12m or lifetime ECL?	Gross carrying amount £m	Loss allowance £m	Net carrying amount £m
Loans and receivables	15	N/A	Performing	12m ECL	859.9	-	859.9
Financial assets	19	AAA	Performing	12m ECL	19.3	-	19.3
Financial assets	19	BBB+	Performing	12m ECL	8.7	-	8.7

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

Loans and receivables, and Amounts owed by Group entities – the Company is exposed to credit risk relating to loans and receivables advanced to other Group Companies, and other amounts owed by Group entities, both of which are considered low risk. The Company assesses whether there has been a significant increase in credit risk since initial recognition by assessing whether there has been any historic defaults, by reviewing the going concern assessment of the borrower, the long term stability of the Phoenix Group and the ability of the parent company to prevent a default by providing a capital or cash injection.

Financial assets – the Company's financial assets are held in corporate bonds and open-ended investment companies, which apart from one corporate bond, have investment grade ratings; the non-rated corporate bond is subject to an internal rating review. The Company considers that its financial assets have a low credit risk based on the credit ratings, and there being no history of default.

Cash and cash equivalents – the Company's cash and cash equivalents are held with bank and financial institution counterparties, all of which have an investment grade credit rating. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and there being no history of default.

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

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

PEARL LIFE HOLDINGS LIMITED

23. Related party transactions

The Company enters into transactions with related parties in its normal course of business.

During the year, the Company received cash dividends from subsidiaries of £1,019.0m (2023: £850.0m). In 2023, the Company received a dividend in specie of £535.0m from subsidiaries.

Interest paid on loans and other amounts due to fellow subsidiaries amounted to £3.1m (2023: £2.8m).

Amounts due to related parties

	2024 £m	2023 £m
Loans due to ultimate parent	-	-
Loans due to fellow subsidiaries	51.5	51.5
Other amounts due to subsidiaries	<u>7.3</u>	<u>8.1</u>

Amounts due by related parties

	2024 £m	2023 £m
Loans due by parent	1,309.1	859.9
Other amounts due by fellow subsidiaries	<u>-</u>	<u>-</u>

Key management compensation

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

Parent and ultimate parent entity

Information on the Company's parent and ultimate parent is given in note 25.

24. Events after the reporting date

There were no subsequent events which require adjustment and / or disclosure in these financial statements.

25. Other information

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