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PEARL GROUP HOLDINGS (NO. 1) LIMITED

Company Registration Number: 03524909

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

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PEARL GROUP HOLDINGS (NO. 1) LIMITED

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Strategic report

The Directors present the Strategic report of Pearl Group Holdings (No. 1) Limited ('the Company') for the year ended 31 December 2024.

Principal activity
The principal activity of the Company is that of a financial services holding company. This is expected to 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 statement of comprehensive income on page 11. The profit before tax was £154.0m (2023: £161.9m) and the total comprehensive income for the year was £115.5m (2023: £123.2m).

No dividends were paid during the current or prior year.

Financial position as at 31 December 2024
The total equity of the Company at 31 December 2024 was £2,956.7m (2023: £2,841.2m). The increase in the year reflects total comprehensive income arising in the year of £115.5m (2023: £123.2m) and the payment of a dividend of £nil (2023: £300.0m).

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 payable and receivable by the Company;
- liquidity risk, exposure to liquidity risk as a result of normal business activities, specifically the risk arising from an inability to meet short-term cash flow requirements;
- 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.

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; and
- Any employees engaged by the Company via service companies within the Phoenix Group.

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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	Grow organically and through M&A	Enhance our operating model and culture

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

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Example key Board decision	PGL Pension Scheme funding
Link to strategic priorities	**How the Board reached its decision**
	Consideration of section 172 matters Following approval granted in 2023 to wind up the PGL Pension Scheme ("the Scheme"), the Board was asked to consider a request for additional funding to complete this process. As part of its considerations, the Board reviewed a Schedule of Contributions, which set out how payments to the Scheme by the Company would be made. It also noted that should any funding provided by the Company remain in the Scheme on completion of wind-up, this would be repaid to the Company. The likely consequences of approving the funding was considered by the Board and it was noted that the monies would facilitate the orderly wind-up of the Scheme during 2025 and also allow the Company itself to be wound up, if deemed appropriate to do so, thereby supporting business as usual entity rationalisation activity within the Group.
Outcome	Following consideration of the matters set out in section 172, the Board duly authorised the additional Scheme funding as set out in the Schedule of Contributions.

On behalf of the Board

DocuSigned by:
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W Swift
Director
24 September 2025

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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 England as a private limited company. Its registration number is 03524909 and its Registered Office is 20 Old Bailey, London, England, EC4M 7AN.

Going concern

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

The Directors have followed the UK Financial Reporting Council's 'Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks' (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.

In order to meet the obligation under the current liabilities, the Company has been provided with a letter of support from its immediate parent undertaking, Impala Holdings Limited ("IHL"), with a value of £140.0m. IHL has provided the financial support until the earlier of: the date upon which an amount of £140.0m is paid in liquid assets to the Company by IHL; the Company has notified IHL that it no longer requires the financial support; the Company ceases to be a subsidiary (as defined in section 1159 of the Companies Act 2006) of IHL; or a winding-up or dissolution or any analogous process has been commenced in respect of the Company. Any support that may be provided by IHL is limited to extent that funds are not otherwise available to the Company to meets its liabilities.

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. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

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

K Dosanjh	Appointed 27 June 2024
W Swift	
R Thakrar	Resigned 30 June 2024

Secretary

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

Pearl Group Secretariat Services Limited

Disclosure of indemnity

Qualifying third party and pension scheme indemnity arrangements (as defined in sections 234 and 235 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 auditors

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 auditors are 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 auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

Statement on Business Relationships

Business relationships with customers

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

Business relationships with Partners/Suppliers

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

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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

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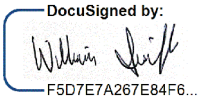
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W Swift
Director
24 September 2025

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Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements ('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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Independent Auditor's report to the members of Pearl Group Holdings (No.1) Limited

Opinion

We have audited the financial statements of Pearl Group Holdings (No.1) 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, 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 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.

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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.

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.

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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.

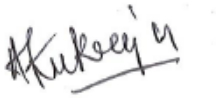
Auditor's responsibilities

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

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Income statement
for the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Income			
Investment income	3	174.3	165.8
Total income		174.3	165.8
Expenses			
Administrative expenses	4	(0.2)	(3.7)
Loss on transfer of pension scheme	7	(19.6)	-
Total operating expenses		(19.8)	(3.7)
Profit before finance costs and tax		154.5	162.1
Finance costs	8	(0.5)	(0.2)
Profit before tax		154.0	161.9
Tax charge	9	(38.5)	(38.0)
Profit for the year attributable to owners		115.5	123.9

Statement of comprehensive income
for the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Profit for the year		115.5	123.9
Other comprehensive income:			
Items that will not be reclassified to profit of loss			
Re-measurements of net defined benefit	15	-	(0.9)
Deferred tax credit	9	-	0.2
		-	(0.7)
Total comprehensive income for the year attributable to owners		115.5	123.2

The notes on pages 15 to 29 are an integral part of these financial statements.

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Statement of financial position
as at 31 December 2024

	Notes	As at 31 December 2024 £m	As at 31 December 2023 £m
Equity attributable to owners			
Share capital	10	34.7	34.7
Share premium	11	1,574.1	1,574.1
Retained earnings		1,347.9	1,232.4
Total equity		2,956.7	2,841.2
Non-current liabilities			
Deferred tax	12	-	4.8
Total non-current liabilities		-	4.8
Current liabilities			
Borrowings	13	52.9	5.5
Amounts due to Group entities	14	56.4	59.7
Total current liabilities		109.3	65.2
Total liabilities		109.3	70.0
Total equity and liabilities		3,066.0	2,911.2
Assets			
Non-current assets			
Pension scheme asset	15	-	19.6
Long-term loans and receivables	16	3,065.9	2,891.6
Deferred tax	12	0.1	-
Total non-current assets		3,066.0	2,911.2
Current assets			
Cash and cash equivalents		-	-
Total current assets		-	-
Total assets		3,066.0	2,911.2

The notes on pages 15 to 29 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: 03524909

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Statement of cash flows
for the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Cash flows from operating activities			
Cash used in operations	17	(47.0)	(0.1)
Net cash flows from operating activities		(47.0)	(0.1)
Cash flows from financing activities			
Loan from Group entity	13	47.0	0.1
Net cash flows from financing activities		47.0	0.1
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

The notes on pages 15 to 29 are an integral part of these financial statements.

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

	Share capital (note 10) £m	Share premium (note 11) £m	Retained earnings £m	Total £m
At 1 January 2024	34.7	1,574.1	1,232.4	2,841.2
Profit for the year	-	-	115.5	115.5
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	115.5	115.5
At 31 December 2024	34.7	1,574.1	1,347.9	2,956.7

	Share capital (note 10) £m	Share premium (note 11) £m	Retained earnings £m	Total £m
At 1 January 2023	34.7	1,574.1	1,409.2	3,018.0
Profit for the year	-	-	123.9	123.9
Other comprehensive loss	-	-	(0.7)	(0.7)
Total comprehensive income for the year	-	-	123.2	123.2
Dividend paid	-	-	(300.0)	(300.0)
At 31 December 2023	34.7	1,574.1	1,232.4	2,841.2

Included in retained earnings are reserves of £304.9m (2023: £189.4m) which are considered distributable.

The notes on pages 15 to 29 are an integral part of these financial statements.

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Notes to the financial statements

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on a historical cost basis except for those financial assets and financial liabilities 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 and a severe stress scenario.

In order to meet the obligation under its current liabilities, the Company has been provided with a letter of support from its immediate parent undertaking, Impala Holdings Limited ("IHL"), with a value of £140.0m. IHL has provided the financial support until the earlier of: the date upon which an amount of £140.0m is paid in liquid assets to the Company by IHL; the Company has notified IHL that it no longer requires the financial support; the Company ceases to be a subsidiary (as defined in section 1159 of the Companies Act 2006) of IHL; or a winding-up or dissolution or any analogous process has been commenced in respect of the Company. Any support that may be provided by IHL is limited to extent that funds are not otherwise available to PGH1 to meets its liabilities.

As a result of this review, the Directors believe the Company has adequate resources to continue to meet 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 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 plc ('PGH plc'), a company incorporated in the United Kingdom. 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 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 area of the Group's business that typically requires such estimates is the determination of the impairment of loans to Group entities.

Impairment of loans and receivables

Loans to Group entities are subject to regular impairment reviews when management are aware of objective evidence of impairment. Impairments in loans to Group entities are measured as 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 loans and receivables is detailed in accounting policy (e).

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(c) 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 the statement of changes in equity, in which case it is recognised in these statements.

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 year, except to the extent that it relates to items recognised in the statement of changes in equity, in which case it is recognised in that statement.

Deferred tax is provided for on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not provided in respect of temporary differences arising from the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws enacted or substantively enacted at the period end.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(d) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Defined benefit scheme

The net surplus or deficit (the economic surplus or deficit) in respect of the defined benefit pension scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value and the fair value of any scheme assets is deducted.

As required by IFRIC 14, IAS 19 – *The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction,* to the extent that the economic surplus will be available as a refund, the economic surplus is stated after a provision for tax that would be borne by the scheme administrators when the refund is made. Additionally under IFRIC 14 pension funding contributions are considered to be a minimum funding requirement and, to the extent that the contributions payable will not be available to the Company after they are paid into the scheme, a liability is recognised when the obligation arises. The net defined benefit asset/liability represents the economic surplus net of all adjustments noted above.

The Company determines the net interest expense or income on the net defined benefit asset/liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit 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 Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

The movement in the net defined benefit asset/liability is analysed between the service cost, past service cost, curtailments and settlements (all recognised within administrative expenses in the income statement), the net interest cost on the net defined benefit asset/liability, including any reimbursement assets (recognised within investment income in the income statement), re-measurements of the net defined asset/liability (recognised in other comprehensive income) and employer contributions.

(e) 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 16 Loans and receivables.

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There has been no change in the classification of 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.

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 18 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 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.

This applies to the scheme assets held by the Company as at 31 December 2023.

(f) Amounts due from Phoenix Group entities
Amounts due from Phoenix Group entities 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 income statement through the amortisation process.

The Company assesses at each reporting date whether amounts owed by Phoenix Group entities are impaired. The Company first assesses whether objective evidence of impairment exists. Evidence of impairment needs to be significant or prolonged to determine that objective evidence of impairment exists. Evidence of impairment is obtained by comparing the carrying value of the amounts owed by Phoenix Group entities with the present value of the estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the investments original effective interest rate.

(g) 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.

(h) 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.

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(i) Income recognition

Investment income comprises interest, dividends, net interest income/(expense) on the net defined asset/(liability) and fair value gains and losses on financial assets and amounts owed by Phoenix Group entities.

Interest income is recognised in the income statement as it accrues using the effective interest method.

Fair value gains and losses on financial assets designated at fair value through profit or loss are recognised in the income statement. 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.

(j) Finance costs

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

(k) 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.

(l) 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 29 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;

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- 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.

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.

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3. Investment income

	2024 £m	2023 £m
Interest income on loans and receivables	174.3	164.5
Net interest income on defined benefit scheme asset (see note 15)	-	1.3
Total investment income	174.3	165.8

Interest income on loans and receivables includes interest of £174.3m (2023: £164.5m) on loans to Group entities.

4. Administrative expenses

	2024 £m	2023 £m
Pension scheme - administrative expenses (see note 15)	-	3.6
Other administrative expenses	0.2	0.1
Total administrative expenses	0.2	3.7

5. Directors' remuneration

	2024 £	2023 £
Remuneration (excluding pension contributions and awards under share option schemes and other long-term incentive schemes)	43,881	54,535
Redundancy payments	-	-
Share-based payments	43,519	35,714
Contributions to money purchase pension schemes	2,191	1,585
Highest paid Directors' remuneration:		
Remuneration (excluding pension contributions and awards under share option schemes and other long-term incentive schemes)	17,956	37,340
Share-based payments	5,455	30,264
Contributions to money purchase pension schemes	1,330	255
Number of Directors who are members of a money purchase pension scheme	2	2
Number of Directors who exercised share options during the year	2	2

The Directors were employed by Phoenix Group Management Services Limited.

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 £60,000 (2023: £39,000) to pensions and savings products sold by the Group. At 31 December 2024, the total value of key management personnel's investments in Group pensions and savings products was £637,000 (2023: £236,000).

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6. Auditor's remuneration

The remuneration of the auditor of the Company, including their associates, in respect of the audit of the financial statements was £0.1m (2023: £0.1m) which is borne by the Company's parent, Impala Holdings Limited.

7. Loss on transfer of pension scheme

	2024 £m	2023 £m
Fair value of scheme assets – see note 15	19.6	-
Loss on transfer to fellow Group undertaking	19.6	-

On completion of the buy-out of the PGL Pension Scheme, the Scheme surplus was transferred to a fellow Group company for nil consideration. The value of the Scheme at point of transfer was taken from the date of the last valuation, 31 December 2023 – see note 15."

8. Finance costs

	2024 £m	2023 £m
Interest expense on borrowings at amortised cost	0.5	0.2

Interest expense on borrowings at amortised cost includes interest of £0.5m (2023: £0.2m) on loans from Group companies.

9. Tax charge

Current year tax charge

	2024 £m	2023 £m
Current tax:		
UK Corporation tax	43.4	38.6
Total current tax	43.4	38.6
Deferred tax:		
Origination and reversal of temporary differences	(4.9)	(0.6)
Total deferred tax	(4.9)	(0.6)
Total tax charge	38.5	38.0

Tax credited to other comprehensive income

	2024 £m	2023 £m
Deferred tax credit on actuarial gains of defined benefit schemes	-	(0.2)

Reconciliation of tax charge

The tax assessed for the year is same (2023: same) as the standard rate of corporation tax in the UK of 25.0% (2023: 23.5%).

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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:		
694,108,418 (2023: 694,108,418) ordinary shares of £0.05 each	34.7	34.7

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

11. Share premium

	2024 £m	2023 £m
At 1 January and 31 December	1,574.1	1,574.1

12. Tax assets and liabilities

Deferred tax

The balances at 31 December comprise:

	2024 £m	2023 £m
Deferred tax assets	0.1	-
Deferred tax liabilities	-	(4.8)
Net deferred tax asset/(liabilities)	0.1	(4.8)

Movement in deferred tax assets and liabilities:

Year ended 31 December 2024

	1 Jan £m	Recognised in the income statement £m	Recognised in other comprehensive income £m	31 Dec £m
Accelerated capital allowances	0.1	-	-	0.1
Pension scheme surplus	(4.9)	4.9	-	-
	(4.8)	4.9	-	0.1

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Year ended 31 December 2023

	1 Jan £m	Recognised in the income statement £m	Recognised in other comprehensive income £m	31 Dec £m
Accelerated capital allowances	0.1	-	-	0.1
Pension scheme surplus	(5.7)	0.6	0.2	(4.9)
	(5.6)	0.6	0.2	(4.8)

An announcement was made in the UK Budget, March 2021 and enacted on 10 June 2021 to increase the rate of corporation tax to 25% from 1 April 2023. Accordingly, the relevant deferred tax balances have been measured taking the 25% rate into account.

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.

13. Borrowings

	Carrying value		Fair value	
	2024 £m	2023 £m	2024 £m	2023 £m
Amounts owed to Group entities				
Cash pooling loan	52.9	5.5	52.9	5.5
Total borrowings	52.9	5.5	52.9	5.5
Amount due for settlement within 12 months	52.9	5.5		
Amount due for settlement after 12 months	-	-		

On 13 September 2022, the Company along with certain fellow subsidiaries, entered into an uncommitted intra-group cash-pooling facility with Phoenix Group Holdings plc ('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. The amounts owed by the Company to PGHP at the commencement of the facility were included within it.

The Company received additional borrowings of £47.0m during 2024 (2023: £0.1m). Interest of £0.5m was capitalised during the year.

14. Amounts due to Group entities

	2024 £m	2023 £m
Group relief payable	43.4	46.8
Amounts owed to Group undertakings	13.0	12.9
Short-term intra-group borrowings	-	-
Total amounts owed to Group entities	56.4	59.7

All amounts are due to be settled within 12 months.

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15. Pension scheme

Scheme details

In January 2024, the trustees of the PGL Pension Scheme ('the Scheme') completed the buy-out of the scheme liabilities with PLL whereby the existing annuityinsurance policies were exchanged for individual policies between PLL and the scheme's members. As a result, all the Company's obligations under the pension scheme have now been fully extinguished.

Defined contribution scheme

On 1 July 2020 the Company closed the defined contribution section of the PGL Scheme and ceased making contributions from this date.

Defined benefit scheme

The defined benefit section of the PGL Pension Scheme was, prior to the completion of the buy-out, a final salary arrangement which was closed to new entrants and had no active members. The Scheme is administered by a separate trustee company, PGL Pension Trustee Ltd. The trustee company is comprised of two representatives from the 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 was responsible for the day-to-day administration of the benefits.

A triennial funding valuation of the PGL Pension Scheme as at 30 June 2021 was completed in 2022 by a qualified actuary. This showed a surplus as at 30 June 2021 of £2 million.

During the period, the trustees of the PGL Pension Scheme completed the buy-out of the scheme liabilities with PLL whereby the existing annuity insurance policies between the two parties were exchanged for individual policies between PLL and the scheme's members. As a result, all the Company's obligations under the pension scheme have now been fully extinguished and the defined benefit obligation as at the settlement date of £1,097 million, reimbursement right assets of £11 million and reimbursement right liabilities of £45 million were derecognised.

An additional premium (in excess of the value of the collateral assets transferred as premium for the original buy-in transactions) of £18 million was prepaid by the Scheme to PLL in 2023 and has been recognised upon completion of the settlement. The difference between the defined benefit obligation and associated reimbursement rights at this date and the total premium paid resulted in a loss on settlement of £208 million being recognised within administration expenses in the consolidated income statement. This loss reflects the difference between the measurement basis for the liabilities as prescribed by IAS 19 and the value prescribed for the buy-out transfer in the original buy-in agreement which is primarily based on collateral determined using the best estimate assumptions of PLL and the risk margin associated with those liabilities on a Solvency II basis. On completion of the buy-out, the Scheme held minimal residual assets which were used during the period to cover wind-up expenses

Insurance policies with Group entities

Prior to completion of the buy-out, the PGL Pension Scheme completed two buy-in transactions. The plan assets transferred to PLL as premium were held in a collateral account and recognised in the relevant line within financial assets in the statement of consolidated financial position. The economic effect of these transactions in the Scheme was to replace the plan assets transferred with a single line insurance policy reimbursement asset which was eliminated on consolidation along with the relevant insurance contract liabilities in PLL. The value of the insurance policies with Group entities at 31 December 2024 is £nil (2023: £1,093 million).

During 2023, £18 million of scheme assets were transferred to PLL as premium for the buy-out transaction which completed in January 2024. At 31 December 2023, a debtor of £18 million to reflect the prepayment of this premium was eliminated on consolidation.

PLL entered into longevity swap arrangements with external reinsurers to reinsure a proportion of the risks transferred as part of both the buy-in transactions. The fair value of the reimbursement right liabilities amounted to £nil (31 December 2023: £34 million (restated)).

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Summary of amounts recognised in the financial statements

The amounts recognised in the financial statements are as follows:

	Fair value of scheme assets £m	Reimbursement rights £m	Defined benefit obligation £m	Total £m
At 1 January 2024	23.8	1,093.2	(1,097.4)	19.6
Interest income/(expense)	-	-	-	-
Administrative expenses	-	-	-	-
Included in profit or loss	-	-	-	-
Re-measurements:				
Return on plan assets excluding amounts included in interest income	-	-	-	-
Gain from change in demographic assumptions	-	-	-	-
Loss from change in financial assumptions	-	-	-	-
Experience loss	-	-	-	-
Included in other comprehensive income	-	-	-	-
Benefit payments	-	-	-	-
Debtor recognised to reflect pre payment of buy-out premium	-	-	-	-
Assets transferred as premium for Scheme buy-out	(23.8)	(1,093.2)	(1,097.4)	(19.6)
At 31 December 2024	-	-	-	-

	Fair value of scheme assets £m	Reimbursement rights £m	Defined benefit obligation £m	Total £m
At 1 January 2023	27.0	1,078.9	(1,083.1)	22.8
Interest income/(expense)	1.3	51.8	(51.8)	1.3
Administrative expenses	(3.6)	-	-	(3.6)
Included in profit or loss	(2.3)	51.8	(51.8)	(2.3)
Re-measurements:				
Return on plan assets excluding amounts included in interest income	(0.9)	30.9	-	30.0
Gain from change in demographic assumptions	-	-	12.5	12.5
Loss from change in financial assumptions	-	-	(26.7)	(26.7)
Experience loss	-	-	(16.7)	(16.7)
Included in other comprehensive income	(0.9)	30.9	(30.9)	(0.9)
Benefit payments	-	(68.4)	68.4	-
Debtor recognised to reflect pre payment of buy-out premium	17.6	-	-	17.6
Assets transferred as premium for Scheme buy-out	(17.6)	-	-	(17.6)
At 31 December 2023	23.8	1,093.2	(1,097.4)	19.6

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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 2023 £m	Total 2023 £m	Of which not quoted in an active market 2023 £m
Cash and other	-	-	23.8	-
Reported scheme assets	-	-	23.8	-
Add back:				
Insurance policies	-	-	1,093.2	1,093.2
Economic value of assets	-	-	1,117.0	1,093.2

The actual return on plan assets was a gain of £nil (2023: a gain of £83.1m).

Defined benefit obligation

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

- Deferred scheme members: nil% (2023: 36%)
- Pensioners: nil% (2023: 64%)

The weighted average duration of the defined benefit obligation at 31 December 2023 was 13.5 years.

Principal assumptions

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

	2024 %	2023 %
Rate of increase in pensions in payment (5% per annum or RPI if lower)	-	3.10
Rate of increase for deferred pensions ('CPI')	-	2.60
Discount rate	-	4.60
Inflation – RPI	-	3.10
Inflation – CPI	-	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 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 86%/94% of S1P Light base tables for males and females. Future longevity improvements in 2023 were from 1 January 2021 based on amended CMI 2022 Core Projections with a long-term rate of improvement of 1.5% per annum for males and 1.2% per annum for females. Under these assumptions, the average life expectancy from retirement for a member currently aged 40 retiring at age 62 was 27.4 years and 28.8 years for male and female members respectively.

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

2023

Assumptions	Base	Discount rate		Retail Price Index		Life expectancy	
Sensitivity level		25bps decrease	25bps increase	25bps decrease	1 year increase	1 year decrease	25bps increase
	£m	£m	£m	£m	£m	£m	£m
Impact on the defined benefit obligation	1,097.4	(31.8)	33.5	21.6	(20.8)	30.8	(30.8)

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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.

16. Loans and receivables

	Carrying value		Fair value	
	2024 £m	2023 £m	2024 £m	2023 £m
Amounts due by Group entities	3,065.9	2,891.6	3,061.6	2,871.5
Total loans and receivables	3,065.9	2,891.6	3,061.6	2,871.5
Amounts due within 12 months	-	-		
Amounts due after 12 months	3,065.9	2,891.6		

The Company entered into a loan facility with Impala Holdings Limited which accrues interest at compounded SONIA plus a margin of 2.0266%, which is capitalised semi-annually on 30 June and 31 December. The loan has a maturity date of 31 December 2026.

During the year, interest of £174.3m was capitalised (2023: £163.5m).

Determination of fair value and fair value hierarchy of short-term loans and receivables

Loans and receivables are categorised as Level 3 financial instruments. The fair value of loans to Phoenix 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 fair value gains or losses recognised in other comprehensive income.

17. Cash flows from operating activities

	2024 £m	2023 £m
Profit for the year before tax	154.0	161.9
Adjustments to reconcile profit for the year to net cash inflow from operating activities in respect of:		
Investment income	(173.8)	(164.2)
Net interest income, administrative costs and service costs on defined benefit pension asset	19.8	2.3
Changes in operating assets and liabilities	(47.0)	(0.1)
Cash used in operations	(47.0)	(0.1)

18. Capital and risk management

The Company's capital comprises share capital and all reserves. The total equity of the Company at 31 December 2024 was £2,956.7m (2023: £2,841.2m). The increase in the year reflects the total comprehensive income for the year of £115.5m (2023: £123.2m).

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.

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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 £23.0m (2023: £21.6m). A decrease 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 £23.0m (2023: £21.6m).

- 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	Amounts owed to Group entities	56.4	-	-	56.4
	Borrowings	52.9	-	-	52.5
2023	Amounts owed to Group entities	59.7	-	-	59.7
	Borrowings	5.5	-	-	5.5

- 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.

  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	16	N/A	Performing	12m ECL	3,065.9	-	3,065.9

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	16	N/A	Performing	12m ECL	2,891.6	-	2,891.6

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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 – the Company is exposed to credit risk relating to loans and receivables advanced to other Group Companies, which is 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.

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.

19. Related party transactions

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

Amounts due to related parties

	2024 £m	2023 £m
Loans due to ultimate parent	52.9	5.5
Other amounts due to fellow subsidiaries	56.4	59.7

Amounts due from related parties

	2024 £m	2023 £m
Loans due from parent	3,065.9	2,891.6

Key management compensation
The total compensation allocated to the Company and 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 21.

20. Events after the reporting date

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

21. Other information

The Company is a private company limited by shares. Its 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 plc ('PGH plc'), a company incorporated in the United Kingdom. A copy of the financial statements of PGH plc can be obtained from their company website, www.thephoenixgroup.com.