STANDARD LIFE LIFETIME MORTGAGES LIMITED

Scotland Registration Number: SC193441

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

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Strategic report

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

The financial statements of the Company for the year ended 31 December 2024 have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

Business review

Significant business events

During the year, the Board noted the transfer of the entire issued share capital of the Company from Phoenix Life Limited ('PLL') to Pearl Life Holdings Limited ('PLHL'), the Company's immediate parent. The Board maintains links with its immediate parent, PLHL who in turn reports key matters as appropriate to its ultimate parent Phoenix Group Holdings plc ("the Group").

In addition, the Company has been granted permission by the Financial Conduct Authority ("FCA") to undertake direct to consumer marketing activity enhancing its operations and building on those already in place.

A series of transfers took place during the year for legal titles of Equity Release Mortgages held within other areas of the Group. Transfers took place from both Pearl Group Services Limited ('PGS') and Phoenix Group Management Services Limited ('PGMS') resulting in the Company undertaking the regulatory responsibility for the loans whose beneficial interest is held within the Group. This was undertaken only after the business completed relevant analysis and readiness checks to ensure adequate consideration of the customer, regulatory and operational impacts.

Principal activities

The principal activity of the Company is to operate as a mortgage provider for equity release products and general mortgage products.

The Company has an agreement with BCM Global Mortgage Services Limited, under which it is provided with administration and operational services for an agreed service charge. The Company is domiciled in the UK where all its business activities take place.

Strategy

The Company's closed mortgage books are funded by PLL. The equity release products were originally priced to include the risk of falls in house prices, therefore, loan to value ('LTV') ratios on the equity release product remain low. The majority of the variable interest rate products are scheduled to reach term by the end of 2026.

A continued objective of the Company is to realise the value in its mortgage books through an orderly run off whilst continuing to provide a high level of service to our customers.

The expansion of the activities of the Company within the year reflect the Company's aim to be a centre of mortgage excellence within the Group maintaining quality and standards for our existing and future customers.

Climate change

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

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

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

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

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

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

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

Key Performance Indicators ('KPIs')
The Company's performance is measured and monitored by the Board with particular regard paid to the following KPIs:

KPI	**2024**	**2023 Restated**	**Definition, method and analysis**
Profit after tax ("PAT") £'000	812	580	PAT reflects profit for the year attributable to equity holders per the Statement of comprehensive income. This KPI shows the movement in dividend paying capacity of the Company. The increase in PAT is mainly attributable to the increase in interest income as a result of the purchase of an additional mortgage loan book in the prior year.
Return on equity ('ROE')	7.77%	6.02%	ROE reflects profit for the year divided by shareholders' equity at the end of the year. This KPI measures the return on equity capital being generated for the immediate parent company PLHL. The increase in ROE is a reflection of the increased retained earnings year on year largely due to the additional interest income on the purchase of the additional loan book in the prior year.
Interest margin ('IM')	8.48%	6.12%	The IM is measured as the net interest income in the current year as a percentage of average total assets over the past two years. This KPI indicates how much income the Company is generating on its lending activities. The increase in percentage margin is as a result of the increase in interest income from the purchase of an additional mortgage loan book in the prior year, together with repayments of loans due to PLL.

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

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

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

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

- the Company's customer, for whom it acts as a mortgage provider for equity release products and general mortgage products;
- Employees engaged by the Company via service companies within the Phoenix Group;
- Its regulator, the FCA;
- Its outsourced service provider who, on behalf of the Company, is responsible for day to day management and oversight of customers; and
- The Company's immediate parent, PLHL and ultimate parent, Phoenix Group Holdings plc.

Key Stakeholder Groups	Link to strategic priorities	How has the Board has engaged with and had oversight of stakeholder views during the year?	The Board's role in promoting positive stakeholder relationships
Customers - Our customers are borrowers of mortgage loans provided by the Company for equity release mortgage and other mortgage products. The Board recognises its responsibility and duty to oversee the success of the Company for all its customers.	• Optimise our inforce business; and • Grow organically and through M&A.	• The Board sought to understand whether customer needs were being met through consideration of regular reports on customer service, customer satisfaction and complaints. • The Board received regular updates from management on the potential impact on customer service as a result of projects undertaken. • The Board monitored the impact of the upcoming requirements for Consumer Duty and the impact this would have on customers.	The Board holds management to account throughout the year, ensuring due care and attention is given to customer outcomes and needs, especially in the context of mortgage book consolidation activity and projects to grow and develop the Group.
Suppliers - We depend on our outsourced service providers (OSP's) to deliver the highest standards of service and continually promote good outcomes for all our customers. The Board understands that the quality of relationships we maintain and develop with our OSPs is core to the Group achieving its purpose of helping people secure a life of possibilities.	• Optimise our in force business; and • Enhance our operating model and culture.	• The Board received regular reports from management on ongoing customer service performance and outsourced services, including operational resilience. • Relationships with OSPs were monitored via regular updates to the Board. • The Board considered the renewal of its service agreements with third parties in the context of such performance, and relationships.	The Board monitors the performance of its OSPs to ensure Phoenix is able to provide the best customer outcomes to deliver its operational and financial targets. Positive relationships with OSPs are vital to the success of both parties.
Colleagues - Our colleagues, engaged via Group service company arrangements are integral to the Company's success. The Board supports the Group's ambition for a champion-led culture to reach its purpose and achieve its strategy.	• Grow organically and through M&A; and • Enhance our operating model and culture.	• The Board monitored colleague-related matters throughout the year via the regular operational updates provided by management.	The Group Board is responsible for setting cultural tone for all Group colleagues. However, the SLLM Board monitors engagement and other relevant colleague-related matters in recognition of their role in the ongoing success of the Company.
Community - The most significant way in which we impact the community is through the decisions we make that affect our customers. The Board understands the value of building trust and inspiring confidence through robust and responsible decision-making.	• Optimise our in-force business; • Grow organically and through M&A; and • Enhance our operating model and culture.	• The Board considered the transfer of books of business to the Company from elsewhere in the Group in the context of customer impact and disruption as well as to comply with FCA advice.	The Board monitors investment performance against agreed strategy within the wider parameters of the Group's Sustainability Strategy.
Investors – Our sole shareholder is PLHL. As a Phoenix Group company, our ultimate shareholder is Phoenix Group Holdings plc.	• Optimise our in-force business; • Grow organically and through M&A; and	• The governance framework within the Board operates is designed to facilitate good information flows between and robust decision-making at all levels within the Group.	The Board maintains strong links with its immediate parent, PLHL, who in turn reports key matters as appropriate to Group.

The Board recognises the role it plays in driving growth to help the Group meet the needs of its customers.	• Enhance our operating model and culture.	• During the year, the Board noted the transfer of the entire issued share capital of the Company from Phoenix Life Limited to Pearl Life Holdings Limited.	Matters of strategic concern are escalated to the PGH Board by the CEO Retirement Solutions as part of his quarterly summaries. Any financial matters are referred to the PGH Board where in excess of delegations to SLLM Board and relevant Senior Management Function Holders.
Government, trade bodies & regulators - Our business is regulated by the FCA. The Board acknowledges the importance of maintaining positive relationships with the Company's regulator to enable good outcomes for its customers.	• Grow organically and through M&A; and • Enhance our operating model and culture.	• The Board received updates on management's interactions with regulators and any feedback received from those bodies. • The Board considered regular updates in relation to the Group's preparation for implementation of the next phase of the FCA's Consumer Duty. • At the request of the regulators, certain Board directors may be required to meet on a formal basis. • The Board receives regular Regulatory Reports, outlining key developments and matters to the extent they were relevant to SLLM.	As the guardian of the Company, (ensuring robust governance, controls and risk management) the Board is responsible for holding management to account for day to day compliance with regulation and legislation; ensuring transparent communication of such compliance to maintain trust in Phoenix.

Key board decisions

The pages that follow contain 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.

Key Board Decision	**Appointment of BCM Global as outsourced provider for mortgage book servicing**
Link to strategic priorities	**How the Board reached its decision**
Enhance our operating model and culture.	<u>CONSIDERATION OF S172 MATTERS</u> As part of its oversight of the service provided to the Company in respect of mortgage book administration, the Board considered a recommendation to appoint a new outsourced service provider and migrate the Company's Future Perfect and Standard Life Lifetime Mortgages books to BCM Global ("BCM"). In considering the proposal the Board noted BCM's strong track record for mortgage customer servicing and its solid capability in terms of handling book migrations. Both these factors provided the Board with assurance that the Company's business relationships with its customers would be appropriately maintained. From a regulatory perspective, the Board recognised BCM's robust and proactive approach to ensuring compliance with the FCA's Consumer Duty, which supported the Board's own duty to ensure the highest standards of business conduct were maintained. Assurance was also considered by the Board in respect of business readiness and oversight before any migration took take place.

	In terms of the long-term consequences of appointing BCM, the Board noted the anticipated financial benefits, as well as the positive impact of having just one outsourced service provider to manage, oversee and monitor general operations.
Outcome	Following due consideration of the matters set out in section 172 the Board approved the proposal to migrate third-party servicing activity to BCM.
Key Board Decision	**YE23 Annual Accounts**
Link to strategic priorities	**How the Board reached its decision**
Optimising our in-force business.	CONSIDERATION OF S172 MATTERS As part of the year end accounts approval process, the Board considered whether the expectation that the Company would continue in operational existence for the foreseeable future was appropriate. The Board considered supporting paperwork presented by the Financial Reporting team, together with the outcome of an external audit for the accounts, including assessments relating to the impact of market uncertainty. Such consideration enabled the Board to reach a decision to approve the YE23 accounts, within which a going concern statement was included. 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.
Outcome	Following due consideration of the matters set out in section 172, and in particular the likely consequences of any decisions in the long term and the desire for the Company to maintain a reputation for high standards of business conduct, the Board approved the YE23 accounts.
Key Board Decision	**Transfer of Mortgage Books**
Link to strategic priorities	**How the Board reached its decision**
Optimising our in-force business; and **Grow organically and through M&A.**	CONSIDERATION OF S172 MATTERS The Board considered proposals to transfer books of mortgage business from two other Group companies, PGS and PGMS, to the Company. The Board noted that doing so would support the Group in achieving a wider long-term objective to consolidate and de-risk books of mortgage business within Phoenix. In reviewing the proposals, the Board explored the impact on each book's customers, noting that some light-touch operational finance changes would be required and that consideration had been given to ensuring the changes minimised customer disruption. As part of ensuring the highest standards of business were maintained, the Board noted that prior to migration BCM was expected to comply with all mandatory Group policies and new Company lending policies relevant to residential mortgages.
Outcome	Following due consideration of the matters set out in section 172 and evidence presented, the Board approved the transfer of the PGS and PGMS mortgage books to the Company and migration of those books' servicing to BCM.

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

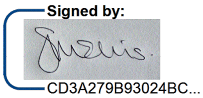
Risk Management Framework
The Company adopts the Phoenix Group's Risk Management Framework ('RMF'). The Phoenix Group's RMF embeds proactive and effective risk management. It seeks to ensure that risks are identified, assessed, controlled monitored and managed within approved risk appetites and reported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

Further details on the RMF are outlined in the Strategic Report of the Phoenix Group's Annual Report and Accounts 2024.

Principal risks and uncertainties

During 2024, for the purposes of managing risks of the Company, including those impacting the Company's financial assets and financial liabilities, the Company considered the following Risk Universe categories: Financial Soundness; Market; Credit; Operational; Customer; and Strategic. Sources of these risks, and an explanation of actions taken to manage risk exposures during the year, are outlined in note 17.

On behalf of the Board



Steve Ellis
CEO

23 April 2025

Directors' report

The Company operates as a mortgage provider for equity release products and general mortgage products, incorporated in Scotland. Its registration number is SC193441 and its registered office is Standard Life House, 30 Lothian Road, Edinburgh, EH1 2DH. It is a wholly owned subsidiary of Pearl Life Holdings Limited.

Results and dividend
The results of the Company for the year are shown in the Statement of comprehensive income on page 14. The profit after tax was £812k (2023 restated: £580k) which has been transferred to retained earnings.

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

Going concern
The Strategic report and Directors' report summarise the Company's activities, its financial performance and financial position together with any factors likely to affect its future development. In addition, they discuss the principal risks and uncertainties it faces. Note 17 to the financial statements summarise the Company's capital management and risk objectives and policies together with its financial risks.

The Board has followed the UK Financial Reporting Council's "Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks (April 2016)" when performing their going concern assessment. To this end, the Board has undertaken a review of solvency, liquidity and cash flow projections under normal and stressed conditions. Liquidity is considered to be adequate to meet liabilities as they fall due. Such assessments are considered for a period of no less than 12 months from the date of publishing these financial statements.

As a result of this review, the Directors believe the Company has adequate resources to meet its capital requirements and to continue in operational existence over the going concern period assessed. 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:

Steven Martyn Ellis	(appointed 21 March 2024)
Thomas Stephen James Ground	(appointed 17 April 2024)
Samuel Lever	(resigned 20 March 2024)
Mark Philip Screeton	(appointed 21 March 2024)
Rizwan Sheriff	(resigned 8 April 2024)

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

Matters disclosed in strategic report
The Directors' duties section of the strategic report covers stakeholder engagement.

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. However, BCM Global Mortgage Services Limited is responsible for the day to day management and oversight of the Company's customers and the Board monitors their performance accordingly, during the year.

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.

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.

Re-appointment of auditor

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

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

In accordance with section 487 of the Companies Act 2006, the Company's auditor, KPMG LLP, will be deemed to have been re-appointed at the end of the period of 28 days following circulation of copies of these financial statements as no notice has been received from members pursuant to section 488 of the Companies Act 2006 prior to the end of the accounting reference period to which these financial statements relate.

On behalf of the Board

Signed by:

paul shakespeare

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P Shakespeare
For and on behalf of Pearl Group Secretariat Services Limited
Company Secretary

23 April 2025

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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

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

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

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

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

Independent auditor's report to the members of Standard Life Lifetime Mortgages Limited

Opinion

We have audited the financial statements of Standard Life Lifetime Mortgages Limited ("the Company") for the year ended 31 December, 2024 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and related notes, including the accounting policies in note 2.

- 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

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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 and the risk of bias in accounting estimates such as impairment. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included all material post year end closing journals.

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, and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

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

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

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

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those are most likely to have such an effect: anti-bribery, data protection laws, employment law, anti-money laundering, consumer duty, market abuse regulations and financial services regulations including Client Assets, specific areas of regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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

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

Strategic report and directors' report

The directors are responsible for the strategic report and directors' report. Our opinion on the financial statements does not cover that report 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 that report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, 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.

Anthony Withers

Anthony Withers (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, United Kingdom
E14 5GL

24 April, 2025

Statement of comprehensive income
for the year ended 31 December 2024

	Notes	2024 £000	2023 £000 Restated (Note 1)
Net investment income	3	1,504	837
Other income	4	10	-
Total income		**1,514**	**837**
Other operating expenses	5	(442)	(68)
Total operating expenses		(442)	(68)
Profit for the year before tax		**1,072**	**769**
Tax charge	7	(260)	(189)
Profit for the year		812	580
Other comprehensive income		-	-
Total comprehensive income for the year		**812**	**580**

The disclosures on pages 18 to 34 form part of these financial statements.

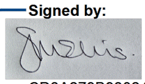
Statement of financial position
as at 31 December 2024

	Notes	As at 31 December 2024 £000	As at 31 December 2023 £000 Restated (Note 1)	As at 1 January 2023 £000 Restated (Note 1)
Assets				
Loans and deposits	8	12,634	14,766	12,252
Current tax receivable	10	4	4	4
Other receivables	11	95	86	-
Cash and cash equivalents	12	2,214	1,589	530
Total assets		14,947	16,445	12,786
Liabilities				
Other financial liabilities	14	3,243	6,392	3,520
Other payables	15	1,250	411	204
Total liabilities		4,493	6,803	3,724
Equity				
Equity attributable to owners of the parent				
Share capital	13	250	250	250
Retained earnings		10,204	9,392	8,812
Total equity		10,454	9,642	9,062
Total equity and liabilities		14,947	16,445	12,786

The disclosures on pages 18 to 34 form part of these financial statements.

On behalf of the Board

Signed by:



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Steven Ellis
CEO

23 April 2025

Registration number: SC193441

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

	Share capital (note 13) £000	Retained earnings £000	Total £000
At 1 January 2024 (restated) (note 1)	250	9,392	9,642
Profit for the year	-	812	812
Total comprehensive income for the year	-	812	812
At 31 December 2024	250	10,204	10,454

	Share capital (note 13) £000	Retained earnings £000 Restated (Note 1)	Total £000
1 January 2023 (as reported)	250	8,981	9,231
Restatement (note 1)	-	(169)	(169)
At 1 January 2023 (restated) (note 1)	250	8,812	9,062
Profit for the year (as reported)	-	624	624
Profit impact of restatement (note 1)	-	(44)	(44)
Profit for the year (restated) (note 1)	-	580	580
Total comprehensive income for the year (restated)	-	580	580
At 31 December 2023 (restated) (note 1)	250	9,392	9,642

The disclosures on pages 18 to 34 form part of these financial statements.

Statement of cash flows
for the year ended 31 December 2024

	Note	2024 £000	2023 £000 Restated (Note 1)
Cash flows from operating activities			
Cash generated from operations	16	827	1,150
Tax paid		(202)	(91)
Net cash flows from operating activities		625	1,059
Net increase in cash and cash equivalents		625	1,059
Cash and cash equivalents at the beginning of the year		1,589	530
Cash and cash equivalents at the end of the year	12	2,214	1,589

The disclosures on pages 18 to 34 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

(a) Basis of preparation
The financial statements for the year ended 31 December 2024, set out on pages 14 to 34, were authorised by the Board of Directors for issue on 23 April 2025.

The financial statements have been prepared on a historical cost basis.

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

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

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.

Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 7.

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.

Note 17 to the financial statements summarises the Company's capital management and risk management objectives and policies together with its financial risks.

The Directors have followed the UK Financial Reporting Council's "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks" (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 considered the solvency, liquidity and cash flow of the Company based on projected profit and loss account and cash flows. At 31 December 2024 total capital was £10,454k (2023 restated: £9,642k). The amount of capital that the Company was required to hold was £158k (2023 restated: £164k) and the excess capital over that required was £10,296k (2023 restated: £9,478k).

As a result of this review, the Directors believe the Company has adequate resources to continue in operational existence for a period of no less than 12 months from the date of publishing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Climate change
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 Group.

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

Restatement of prior period information
The accounting policies applied by the Company have been reviewed. In previous years, the Company's equity release mortgages ("ERM") containing a No Negative Equity Guarantee ('NNEG') feature were accounted for at amortised cost. These will now be accounted for at fair value through profit and loss. The Directors don't believe this issue had a material impact on the prior period but the 2023 comparatives have been restated for consistency. The impact of the restatement on the comparative balance sheets and the prior year income statement are explained below:

Opening Statement of financial position (extract)

	31 December 2022 as reported £000	Restatement £000	1 January 2023 as restated £000
Loans and deposits	12,421	(169)	12,252
Total assets	12,955	(169)	12,786
Retained earnings	8,981	(169)	8,812
Total equity	9,231	(169)	9,062
Total equity and liabilities	12,955	(169)	12,786

Statement of comprehensive income (extract)

	31 December 2023 as reported £000	Restatement £000	31 December 2023 as restated £000
Net investment income	894	(57)	837
Net income	894	(57)	837
Profit for the year before tax	826	(57)	769
Tax charge	(202)	13	(189)
Profit for the year	624	(44)	580

Closing Statement of financial position (extract)

	31 December 2023 as reported £000	Restatement £000	31 December 2023 as restated £000
Loans and deposits	14,992	(226)	14,766
Total assets	16,671	(226)	16,445
Other payables	424	(13)	411
Total liabilities	6,816	(13)	6,803
Retained earnings	9,605	(213)	9,392
Total equity	9,855	(213)	9,642
Total equity and liabilities	16,671	(226)	16,445

Additionally, in the 2023 cashflow statement, tax paid was reported within change in operating liabilities. The company is disclosing tax paid separately in 2024 in line with the requirements of IAS 7. The prior period comparative has been updated to ensure consistency with the current period classification.

(b) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Disclosures of judgements made by management in applying the Company's accounting policies include those that have the most significant effect on the amounts that are recognised in the Company's financial statements. Disclosures of estimates and associated assumptions include those that have a significant risk of resulting in a material change to the carrying value of assets and liabilities within the next year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Financial statement area	Critical judgements in applying accounting policies	Related notes
Loans and advances to customers	**Expected life of mortgage lending** The valuation of assets or liabilities measured at amortised cost is calculated using the effective interest method. The effective interest rate method (the EIR) implies an interest rate which discounts the future forecast cash flows of an asset over its expected life back to its carrying value. The expected life of mortgage lending is determined on experience data and management judgement.	8
Loans and advances to customers	**Impairment of financial assets** Accounting policy (f) details the key assumptions and inputs used in respect of impairment provisions for financial assets. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history and existing market conditions as well as forward looking estimates at the end of each reporting period.	8 and 17
Loans and advances to customers	**Fair value of financial assets** The fair value of financial assets are classified and accounted for as set out in accounting policy (f). Financial instruments valued where valuation techniques are based on non-observable inputs are categorised as Level 3 financial instruments. Level 3 financial instruments therefore involve the use of estimates and the notes provide further disclosures on fair value hierarchy and assumptions used to determine fair value.	8 and 9

(c) Net investment income

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

Interest income is recognised as income in the Statement of comprehensive income 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 as income or expense in the Statement of comprehensive income. Realised gains and losses are the difference between the net sale proceeds and the original cost. Unrealised gains and losses are the difference between the valuation at the period end and their valuation at the previous period end or purchase price, if acquired during the year.

Interest payable is recognised as an expense in the Statement of comprehensive income as it accrues and is calculated by using the effective interest method.

(d) Administrative expenses

Administrative expenses are recognised on an accruals basis.

(e) Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the date of the statement of financial position together with adjustments to tax payable/receivable 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.

(f) Financial instruments

Financial instruments include loans and deposits, cash and cash equivalents and other financial liabilities, which comprise loans from fellow subsidiaries.

Recognition & de-recognition
Financial assets
Purchases and sales of financial assets are recognised on the trade date, which is the date that the Company commits to purchase or sell the asset.

The Company derecognises a financial asset (or part of a group of similar financial assets) where:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and has either transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities
Financial liabilities are recognised when due. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Classification & measurement
Financial assets
Financial assets are classified into one of the following measurement categories: fair value through profit or loss ("FVTPL") or amortised cost. Classification is made based on the objectives of the Company's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. 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, except for assets subsequently held at FVTPL where transaction costs are expensed.

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.

Subsequent to initial recognition, these financial assets are carried at amortised cost, using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets that are initially recognised and measured at FVTPL are subsequently remeasured at fair value. Net gains and losses, including any interest are recognised in profit or loss.

Cash and certain loans and deposits are non-derivative financial assets with fixed or determinable payments. These assets are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the asset. All transaction costs directly attributable to the acquisition are also included in the cost of the asset. Subsequent to initial recognition, these assets are carried at amortised cost, using the effective interest method.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Financial liabilities
At initial recognition, financial liabilities are recognised at the fair value of the consideration received less directly attributable transaction costs (with the exception of liabilities at FVTPL for which all transaction costs are expensed).

Subsequent to initial recognition, financial liabilities are measured at amortised cost.

Impairment of financial assets
The Company assesses the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. The measurement of credit impairment is based on an ECL model and considers whether there has been a significant increase in credit risk.

For those credit exposures for which credit risk has not increased significantly since initial recognition, the Company measures loss allowances at an amount equal to the total ECL resulting from default events that are possible within 12 months after the reporting date ("12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, the Company measures and recognises an allowance at an amount equal to the ECL over the remaining life of the exposure, irrespective of the timing of the default ("Lifetime ECL"). If the financial asset becomes 'credit-impaired' (following significant financial difficulty of issuer/borrower, or a default/breach of a covenant), the Company will recognise a Lifetime ECL. ECLs are derived from unbiased and probability-weighted estimates of expected loss.

The loss allowance reduces the carrying value of the financial asset and is reassessed at each reporting date. ECLs, and subsequent remeasurements of the ECL, are recognised in the Statement of comprehensive income.

IFRS9 requires the Company to categories its financial assets at amortised cost into three stages at the reporting date in order to determine the ECL. The Company makes a determination of each of the three stages as follows:

- Stage 1 – assets that are performing are shown in stage 1. Customers in this stage do not have any arrears.
- Stage 2 – assets where there has been a significant increase in credit risk since initial recognition are in this stage and have one or more arrears.
- Stage 3 – assets that are credit impaired or in default are in stage 3.

The Company is required to recognise a 12 month ECL allowance on all stage 1 assets and a lifetime ECL allowance on all stage 2 and 3 assets.

ECLs, being forward-looking, are discounted back to the reporting date and are calculated by multiplying the probability of default (PD), exposure at default (EAD) and loss given default (LGD) where:

- The PD represents the likelihood of a borrower defaulting over either the next 12 months or over the remaining lifetime of the mortgage (being the contractual lifetime).
- EAD is the amount the Company expects to be owed at the time of default.
- LGD represents the Company's expectation of the extent of loss on a default and takes account of available collateral (house value), likely sales cost and potential discount needed to secure a sale.

(g) Receivables
Receivables are recognised when due and measured on initial recognition at the fair value of the amount receivable. Subsequent to initial recognition, these receivables are measured at amortised cost using the effective interest method.

(h) Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits, money held at call and short notice with banks and any highly liquid investments with less than 3 months to maturity from the date of acquisition.

(i) Share capital
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. An instrument is classified as an equity instrument when there is no contractual obligation to deliver cash or other assets to another entity on terms that may be unfavourable. The difference between the proceeds received on issue of the shares and the nominal value of the shares issued is recorded in the share premium reserve. Incremental costs directly attributable to the issue of new equity instruments are shown as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments in a business combination are excluded in the cost of acquisition.

(j) Provisions and contingent liabilities
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Contingent liabilities are possible obligations of the Company of which timing and amount are subject to significant uncertainty. Contingent liabilities are not recognised on the statement of financial position but are disclosed, unless they are considered remote. If such an obligation becomes probable and the amount can be measured reliably it is no longer considered contingent and is recognised as a liability.

Contingent assets are disclosed if the inflow of economic benefits is probable, but not virtually certain.

(k) Payables
Payables are recognised when due and are measured at the fair value of the consideration payable.

(l) Dividends
Final dividends on share capital classified as equity instruments are recognised in equity when they have been approved by shareholders. Interim dividends on these shares are recognised in equity in the period in which they are paid.

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

2. Financial information

Adoption of New Accounting Pronouncements in 2024
In preparing the financial statements, the Company has adopted the following standards, interpretations and amendments effective from 1 January 2024 which have been endorsed by the UK Endorsement Board ("UKEB"):

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

The above amendment is not considered to have a significant impact on the Company's financial statements or accounting policies. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New Accounting Pronouncements Not Yet Effective
The IASB has issued the following amendments to standards and interpretations which apply from the dates shown. The Company has decided not to early adopt any of these standards, amendments or interpretations where this is permitted.

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

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

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

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

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

Annual Improvements to IFRS Accounting Standards — Volume 11 (1 January 2026)
As part of the IASB's Annual Improvements process it has issued minor amendments to address potential areas of confusion within the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards - hedge accounting by a first-time adopter); IFRS 7 Financial Instruments: Disclosures - gain or loss on derecognition and clarifications within implementation guidance; IFRS 9 Financial Instruments - lessee derecognition of lease liabilities and transaction price; and IAS 7 Statement of Cash Flows - cost method.

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

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

- Annual Improvements to IFRS Accounting Standards — Volume 11.

3. Net investment income

	2024 £000	2023 £000 (Restated) (Note 1)
Investment income		
Mortgage interest income	1,673	1,172
Interest expense on loans from fellow group company	(343)	(278)
	1,330	894
Gain/ (loss) on financial assets held at fair value through profit or loss	41	(57)
Gain on redemption of mortgages	133	-
	174	(57)
Net investment income	1,504	837

4. Other income

	2024 £000	2023 £000
Miscellaneous administrative fees charged to customers	10	-
	10	-

5. Other operating expenses

	2024 £000	2023 £000
Administrative and operational expenses	442	68
	442	68

The Company has no employees. Administrative services are provided by Phoenix Group Management Services Limited (“PGMS”), a fellow group company. Prior to 27 October 2023, administrative services were provided by Standard Life Assets and Employee Services Limited (“SLAESL”), a fellow group company.

6. Auditor’s remuneration

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

In 2024 auditors’ remuneration amounted to £26k (2023: £25k) in respect of the audit of the Company’s financial statements. Auditors’ remuneration for services other than the statutory audit of the Company are not disclosed in the Company’s financial statements since the consolidated financial statements of Phoenix Group Holdings plc, the Company’s ultimate controlling party, are required to disclose fees in respect of non-audit services on a consolidated basis. There were no non-audit services provided to the Company in the current year (2023: none).

The audit fee has been borne by Pearl Life Holdings Limited (“PLHL”), the immediate parent company.

7. Tax charge

Current year tax charge	2024 £000	2023 £000 (Restated) (Note 1)
Current tax:		
UK Corporation tax	260	189
Total current tax	260	189

Reconciliation of tax charge	2024 £000	2023 £000 (Restated) (Note 1)
Profit for the year before tax	1,072	769
Tax at standard UK rate of 25% (2023: 23.5%)	268	181
Adjustment in respect of prior years	(8)	8
Total tax charge for the year	260	189

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

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

8. Loans and Deposits

Loans and advances to customers	2024 £000	2023 £000 (Restated) (Note 1)
Loans secured by mortgages held at fair value through profit or loss	10,749	11,751
Loans secured by mortgages held at amortised cost	1,885	3,015
	12,634	14,766
Amounts recoverable after 12 months	11,428	13,513

All loans and advances to customers are denominated in sterling and fully secured on residential property.

Loans and advances to customers held at amortised cost are shown inclusive of accrued interest and net of impairment losses.

Loans secured by mortgages held at fair value through profit or loss are subject to a fixed interest rate of 5.9%. These fixed rate equity release loans and advances are recoverable from the sale of the property on the death of the customer or if the customer moves into long term care and therefore have no fixed maturity.

Loans secured by mortgages held at amortised cost comprise of fixed term mortgage loans. These loans will fully mature by 31 December 2033 and are subject to variable interest rates capped at either 6.25%, 6.49%, 6.59% or 8.74%. The loans and advances are secured by mortgages and recoverable through monthly repayments.

9. Fair Value

(a) Carrying values different to fair values

The table below presents estimated fair values of assets and liabilities whose carrying value does not approximate fair value. Fair values of assets and liabilities are based on observable market inputs where available or are estimated using other valuation techniques.

	Fair value 2024 £000	Book value 2024 £000	Fair value 2023 £000	Book value 2023 £000
Financial assets				
Loans secured by mortgages held at amortised cost	2,354	1,885	3,048	3,015
	2,354	1,885	3,048	3,015

Financial liabilities	Fair value 2024 £000	Book value 2024 £000	Fair value 2023 £000	Book value 2023 £000
Loans from fellow group company:				
- Variable rate loan – interest rate of SONIA +129bps	2,087	1,907	3,330	3,798
- Fixed rate loan – 5.90%	1,349	1,336	2,610	2,594
	3,436	3,243	5,940	6,392

For loans secured by mortgages held at amortised cost and loans from fellow group company, the estimated fair value represents the discounted amount of estimated future cash flows expected to be received/paid. Expected cash flows are discounted at current market rates to determine fair value and are deemed to be Level 2 in the fair value hierarchy (2023: Level 2).

(b) Determination of the fair value hierarchy

To provide further information on the approach used to determine and measure the fair value of certain assets and liabilities, the following fair value hierarchy categorisation has been used:

Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Fair values measured using inputs that are not based on observable market data (unobservable inputs).

As 31 December 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total fair value £000
Financial assets measured at fair value				
Loans secured by mortgages held at fair value through profit or loss	-	-	10,749	10,749
Financial assets for which fair values are disclosed				
Loans secured by mortgages held at amortised cost	-	2,354	-	2,354
Total financial assets	-	2,354	10,749	13,103

As 31 December 2023 (Restated)	Level 1 £000	Level 2 £000	Level 3 £000	Total fair value £000
Financial assets measured at fair value				
Loans secured by mortgages held at fair value through profit or loss (restated) (note 1)	-	-	11,751	11,751
Financial assets for which fair values are disclosed				
Loans secured by mortgages held at amortised cost	-	3,048	-	3,048
Total financial assets	-	3,048	11,751	14,799

(c) Level 3 financial instrument sensitivities

Loans secured by mortgages with a fair value £10,749k (2022: £11,751k), relate to underlying equity release mortgage loans ("ERM") as described in note 8. The loans are valued using a discounted cash flow model. The future cash flows are estimated based on assumed levels of mortality derived from published mortality tables. The fair value includes an allowance for the expected cost of providing a No Negative Equity Guarantee ("NNEG") assessed under a real world approach using a closed form model including an assumed level of property value volatility.
Cash flows are discounted using a risk free curve plus a spread, where the spread used is that of another ERM book within a fellow group company, that exhibits similar risk characteristics.

Significant inputs	**Key unobservable input value**	
	2024	**2023**
Spread	Average 1.7% over Gilt curve + 10bps	Average 2.7% over Gilt curve + 10bps
Mortality	Based on published tables Adjusted PML16	Based on published tables Adjusted RMC/RFC00

The key valuation sensitivities are:

- An increase of 1% in the discount rate would decrease the value by £520k (2023: £558k).
- A decrease of 1% in the discount rate would increase the value by £555k (2023: 596k).

(d) Movement in level 3 financial instruments measured at fair value

	2024 £000	2023 £000
At 1 January	11,751	12,252
Redemptions/settlements	(1,779)	(1,210)
Total amount recognised in statement of comprehensive income	777	709
At 31 December	10,749	11,751

10. Tax assets and liabilities

	2024 £000	2023 £000
Current tax		
Current tax recoverable	4	4
	4	4

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

No deferred tax assets or liabilities are recognised at 31 December 2024 (2023: none).

11. Other Receivables

	2024 £000	2023 £000
Mortgage repayments	-	86
Amounts due from fellow group companies	95	-
	95	86
Amounts recoverable after 12 months	-	-

12. Cash and cash equivalents

	2024 £000	2023 £000
Bank and cash balances	2,214	1,589
	2,214	1,589

Cash in hand is non-interest bearing. All other cash and cash equivalents are subject to variable interest rates.

13. Share capital

	2024 £000	2023 £000
Issued and fully paid: 250,000 (2023: 250,000) ordinary shares of £1 each	250	250

The holders of the ordinary shares are entitled to one vote per share on matters to be voted on by owners and to receive such dividends, if any, as may be declared by the Board of Directors in its discretion out of legally available profits.

All shares are owned by PLHL, the immediate parent company.

14. Other financial liabilities

	2024	2023
	£000	£000
Loans from related parties		
Variable rate loan - interest rate of SONIA + 129bps	1,907	3,798
Fixed rate loan – 5.9%	1,336	2,594
	3,243	6,392
Amounts payable after 12 months	869	1,775

The variable rate loan provided from PLL to the Company was used to fund fixed term mortgage loans to customers. The loan agreement requires that the loan is repaid on a monthly basis from customer loan repayments but allowing for monthly servicing and operating costs until the loan is repaid.

The fixed rate loan provided from PLL to the Company was used to fund fixed rate equity release loans to customers. Under the terms of the loan agreement with PLL, there is no fixed date for repayment of the outstanding amount.

15. Other payables

	2024	2023
	£000	£000
		(Restated)
		(Note 1)
Group relief payable	255	197
Amounts due to fellow group companies	995	214
	1,250	411
Amounts payable after 12 months	-	-

16. Cash flows from operating activities

	Note	2024	2023
		£000	£000
			(Restated)
			(Note 1)
Cash flows from operating activities			
Profit for the year before tax		1,072	769
Non-cash movements in profit for the year before tax:			
(Gain)/loss on redemption of mortgages	3	(174)	57
Interest income on loans and receivables	3	(1,673)	(1,172)
Interest expense	3	343	278
Changes in operating assets and liabilities:			
Decrease/(increase) in financial assets		3,979	(1,399)
Increase in other receivables		(9)	(86)
(Decrease)/increase in financial liabilities		(3,492)	2,594
Increase in other payables		781	109
Cash generated from operations		827	1,150

The cash flow has been prepared using the indirect method.

Tax paid was reported within change in operating liabilities in 2023. The company is disclosing tax paid separately in 2024 in line with the requirements of IAS 7. The prior period comparative has been updated to ensure consistency with the current period classification.

17. Risk management

(a) Overview

Risk management framework ("RMF")

The Group's RMF (applicable to the Company) embeds proactive and effective risk management across the Phoenix Group. It seeks to ensure that all material risks are identified, assessed, controlled, monitored, managed within approved risk appetites and reported through agreed governance routes in line with delegated authorities. Detail on each of the nine elements of the RMF is included in the Group's 2024 Annual Report and Accounts.

Risk universe

The Group's Risk Universe summarises the comprehensive set of risks to which the Company is exposed. The risk profile of each is an assessment of the impact and likelihood of those risks crystallising and the Company failing to achieve its strategic objectives. Changes in the risk profile are influenced by the commercial, economic and non-economic environment and are identified, assessed, managed, monitored and reported through the Group's RMF.

There are three levels of Risk Universe categories; the highest is Level 1 and includes:

Level 1 category	Definition
Strategic risk	A possible source of loss that might arise from the pursuit of an unsuccessful business plan; this source of loss can be to the shareholders and / or to the policyholders, and may drive reputational damage which could further impact the Group's ability to meet its strategic objectives.
Financial soundness	The risk of financial failure, reputational loss, loss of earnings and/or value arising from a lack of liquidity, funding or capital, and/or the inappropriate recording, reporting and disclosure of financial, taxation and regulatory information.
Market risk	The risk of reductions in earnings and/or value, through financial or reputational loss, from unfavourable movements. The risk typically arises from exposure to equity, property and fixed income asset classes and the impact of interest rates, inflation rates and currency exchange rates.
Credit risk	The risk of reductions in earnings and/or value, through financial or reputational loss, as a result of the default of a counterparty or an associate of such a counterparty to a financial transaction (i.e. failure to honour their financial obligations, or failing to perform them in a timely manner), whether on or off balance sheet.
Customer risk	The risk of financial failure, reputational loss, loss of earnings, and/or value arising from inappropriate or poor customer treatment (including poor advice).
Operational risk	The risk of reductions in earnings and/or value, through financial or reputation loss, from inadequate or failed internal processes and systems, or from people related or external events.

The Company has also defined a more granular categorisation for Level 2 risks. This helps to further explain our attitude to these risks.

(b) Strategic risk

Strategic risks threaten the achievement of the Company and Group strategy through poor strategic decision-making, implementation or response to changing circumstances. The Company recognises that core strategic activity brings with it exposure to strategic risk. However, the Company seeks to proactively review, manage and control these exposures.

The Company's strategy and business plan are exposed to external events that could prevent or impact the achievement of the strategy; events relating to how the strategy and business plan are executed; and events that arise as a consequence of following the specific strategy chosen. The identification and assessment of strategic risks is an integrated part of the RMF. Strategic Risk should be considered in parallel with the Risk Universe as each of the risks within the Risk Universe can impact the Group and Company's strategy.

A Strategic Risk Policy is maintained and reported against regularly, with a particular focus on risk management, stakeholder management, corporate activity and overall reporting against the Company and Group's strategic ambitions.

(c) Financial risks

The use of financial instruments naturally exposes the Company to the risks associated with them which comprise mainly financial soundness risk, market risk, and credit risk. Financial soundness is a broad risk category encompassing liquidity and funding risk, capital management risk and tax risk.

(d) Financial soundness: Liquidity risk

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

Key components of the monitoring framework include regular monitoring of cash flows and regular reviews to identify cash flow requirements.

A significant proportion of the Company's financial assets are held in cash which the Company considers sufficient to meet the liabilities as they fall due.

(e) Financial soundness: Capital management risk

Capital management risk is defined as the failure of the Company to maintain sufficient capital to provide appropriate security for stakeholders and meet all regulatory capital requirements whilst not retaining unnecessary capital. The Company has exposure to capital management risk through the regulatory capital requirements mandated by the Financial Conduct Authority ('FCA').

Capital management policies and objectives
Managing capital is the on-going process of determining and maintaining the quantity and quality of capital appropriate for the Company and ensuring such capital is deployed in a manner consistent with the expectations of our stakeholders. For these purposes, the Company consider our key stakeholders to be the providers of capital and the FCA.

The primary objective of capital management in the Company is to ensure that capital is, and will continue to be, adequate to maintain the required level of safety and stability of the Company and hence to provide an appropriate degree of security to our stakeholders.

The capital requirements of the Company are routinely forecast on a periodic basis, and the requirements are assessed against forecast available capital requirements. Capital plans are ultimately subject to approval by the Board.

Regulatory capital
The Company undertakes mortgage provision business in the UK and is regulated by the FCA. The FCA specifies rules and guidance for the minimum level of capital required to meet regulatory requirements. The FCA requires all mortgage provision companies to maintain Capital Resources ('CR') in excess of their Capital Resources Requirement ('CRR'). CR includes the assets in excess of liabilities, valued on a regulatory basis, and certain other components of capital.

Capital requirement
Based on the Company's regulatory return at 31 December 2024, the Company had available capital resources of £10,454k (unaudited) (2023: £9,642k (restated) (unaudited)) and a CRR of £158k (unaudited) (2023 restated: £164k (unaudited)).

The Company has not breached any regulatory capital requirements at any time during the year.

(f) Financial soundness: Tax risk

Tax risk is defined as the risk of financial failure, reputation damage, loss of earnings/value arising from a lack of liquidity, funding or capital, and/or the inappropriate recording, reporting, understanding of tax legislation and disclosure of financial, taxation and regulatory information.

Tax risk can be caused by: the Company making a material error in its tax reporting; incorrect calculation of tax provisions and failure to implement the optimum financial arrangements to underpin a commercial transaction.

Tax risk is managed by maintaining an appropriately-staffed tax team who have the qualifications and experience to make judgements on tax issues, augmented by advice from external specialists where required. In addition, the Group has a formal tax risk policy, which sets out its risk appetite in relation to specific aspects of tax risk, and which details the controls the Company has in place to manage those risks.

(g) Market risk

Market risk is defined as the risk of reductions in earnings and/or value, through financial or reputational loss, from unfavourable market movements. The main elements of market risk to which the Company is exposed are property risk and interest rate risk which are discussed below.

(g)(i) Property risk

Property risk is the risk of adverse property market movements. The Company is exposed to property risk as the loans and advances are repayable from the sale of the property. This risk is mitigated as the equity release products and general mortgage products were originally priced to include the risk of falls in house prices therefore loan to value ('LTV') ratios remain low. On an ongoing basis the Board monitor LTV ratios taking into account movements in house price valuations.

(g)(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates as a result of market interest rates.

The financial assets held by the Company which give rise to interest rate risk are loans secured by mortgages at amortised cost and cash and cash equivalents. The financial liability of the Company which gives rise to interest rate risk is the variable rate loan from a fellow group company.

The table that follows illustrate the sensitivity of profit after tax and equity to reasonably possible variations in interest rates at the reporting date.

	2024 £000	2023 £000 (Restated) (Note 1)
Effect on profit after tax and equity		
+100 basis points	22	8
-25 basis points	(5)	(2)

(h) 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 credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising 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, indicated by an increase in past-due amounts	Lifetime ECL (not credit impaired)
In default	There is evidence indicating the asset is credit-impaired, indicated by an increase in past-due amounts over 6 months old and increased counterparty risk by adverse changes in their credit ratings.	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

The tables below detail 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:

Financial Assets	Note	External credit rating	Internal credit rating	ECL recognition	Gross carrying amount £000	Loss Allowance £000	Net carrying amount £000
Loans and advances to customers	8	N/A	Performing	Combination of 12 month and lifetime ECL	12,634	-	12,634
Intercompany receivable	11	N/A	N/A	12 month ECL	95	-	95
Cash and cash equivalents: Bank and cash balances	12	A+	N/A	12 month ECL	2,214	-	2,214

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 advances to customers - The credit risk to the Company is that proceeds from the sale of the borrower's property upon death or entry into long-term care will not cover the outstanding loan amount. This risk is mitigated by the credit policies on origination of the loans, which included setting maximum initial LTV ratios and the holding of a first charge over the property on which the loan is granted. For a subset of properties, first charge is legally in the name of related parties, held on behalf of the Company.

The Company has performed an assessment to consider whether loans should be classified as Performing (Stage 1) or Stage 2. While some loans have been identified as being in arrears, the effect of these in calculating an ECL, when considered in aggregate with 12 month PDs on Stage 1 loans, is immaterial, and therefore the estimated ECL provision has not been booked.. The Company considers a mortgage loan to have experienced an increase in credit risk when the loan interest repayments are multiple months in arrears. The ECL process is only applicable to loans and advances to customers accounted for at amortised cost.

Intercompany receivable - The credit risk from activities undertaken in the normal course of business is considered to be extremely low risk. The Company assesses whether there has been a significant increase in credit risk since initial recognition by assessing past credit impairments, history of defaults and the long term stability of the Phoenix Group.

Cash and cash equivalents - The Company's cash and cash equivalents are held with a financial institution which has an A+ (2023: A) investment grade rating and a stable outlook. The Company therefore considers that its cash and cash equivalents have low credit risk based on the external credit rating of the counterparty 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.

(k) Customer risk

Customer risk is defined as the risk of financial failure, reputational loss, loss of earnings, and/or value arising from inappropriate or poor customer treatment (including poor advice). It can arise as a result of:

- Customer Treatment: Failure to have a customer centric culture which drives appropriate behaviours and decisions leading to customer interactions and outcomes which meet or exceed reasonable customer and regulator expectations and which take account of potential customer vulnerability.
- Customer Transformation: The design, governance and oversight of Strategic Customer Transformation Activity in retained functions and service providers, fails to deliver on reasonable customer expectations, taking account of the Phoenix Group customer treatment risk appetites and regulatory requirements.
- Product and Propositions: Failure to design and/or manage products/propositions appropriately, or failure of the manufacturer to ensure that products/ propositions are distributed to the appropriate target market, perform as intended and in line with the expectations set. This element of customer risk is minimal in respect of the Company.
- Sales and Distribution: Inappropriate (unclear, unfair or misleading) financial promotions, sales practices and/or distribution agreements resulting in poor customer outcomes leading to reputational, financial and/or operational detriment. This element of customer risk is minimal in respect of the Company.

The Group's Conduct Risk Appetite (which applies to the Company), sets the boundaries within which the Company expect customer outcomes to be managed. In addition, the Group Conduct Risk Framework ('CRF'; applies to the Company), which overarches our Risk Universe and all risk policies, consists of a set of outcomes, intents and standards for all Group staff to follow to ensures that the Company has embedded and effective controls in place across our business activities to detect where our customers are at risk of poor outcome, minimise conduct risks, and respond with timely and appropriate mitigating actions.

The Company also has a suite of customer polices which set out the key customer risks and minimum control standards in place to mitigate them.

(l) Operational risk

Operational Risk is defined as the risk of reductions in earnings and/or value, through financial or reputation loss, from inadequate or failed internal processes and systems, or from people related or external events.

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

- indirect exposures through our outsourcing service providers (OSPs) and suppliers;
- direct exposures through internal practices, actions or omissions;
- external threats from individuals or groups focused on malicious or criminal activities, or on external events occurring which are not within the Company's control; and
- Negligence, mal-practice or failure of employees, or suppliers to follow good practice in delivering operational processes and practices.

It is accepted that it is neither possible, appropriate nor cost effective to eliminate operational risks from the Company as operational risk is inherent in any operating environment particularly given the regulatory framework under which the Company operates. As such the Company will tolerate a degree of operational risk subject to appropriate and proportionate levels of control around the identification, management and reporting of such risks.

The Company also has a set of operational risk policies that set out the nature of the risk exposure and minimum control standards in place to control the risk.

18. Related party transactions

In the normal course of business, the Company enters into transactions with related parties that relate to the provision of mortgage business. Administration services were provided by fellow group companies to the Company. The charge made to the Company for the year ended 31 December 2024 amounted to £335k (2023: £68k).

(a) Transactions with related parties

	2024	2023
	£000	£000
Interest expense:		
Interest on loan from fellow group company	343	278

(b) Amounts due to related parties

	Note	2024 £000	2023 £000
Loans due to fellow group company	14	3,243	6,392
Amounts due to fellow group companies	15	995	214
Group relief payable	15	255	197
		4,493	6,803

(c) Amounts due from related parties

	Note	2024 £000	2023 £000
Amounts due from fellow group companies	11	95	-
		95	-

Parent and ultimate parent entity
Information on the Company's parent and ultimate parent is given in note 19.

19. Other information

The Company's immediate parent is Pearl Life Holdings Limited and its ultimate parent is Phoenix Group Holdings plc, a company incorporated in England and Wales. A copy of the financial statements of Phoenix Group Holdings plc can be obtained from their company website, www.thephoenixgroup.com.