PHOENIX UNIT TRUST MANAGERS LIMITED

Company Registration Number: 3588031

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2022

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Strategic report

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

The financial statements of the Company have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

Business review

Principal activities
The principal activity of the Company is that of managing Authorised Contractual Schemes ("ACS") and unit trusts ("UTs"). This will continue to be the principal activity for the foreseeable future. The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

Strategy
The Company is a member of the Phoenix Group ("the Group"). The Group is the UK's largest long-term savings and retirement business. The main focus has traditionally been on closed life fund consolidation, and the Group specialises in the acquisition and management of closed life insurance and pension funds. Alongside this, the Group has open business which manufactures and underwrites new products and policies to support people saving for their futures. The Phoenix Group's vision is to grow a strong and sustainable business to help more people on their journey to and through retirement, enabling improved outcomes for customers and to deliver value for shareholders. The Company supports this strategy by managing the Group's ACS and UTs.

Corporate activity
The Annual Management Charge ("AMC") rate charged to investors was reduced to 0.75bps, with effect from 1 March 2021, and further reduced to 0.5bps with effect from 1 December 2021, and remained at 0.5bps all through 2022. This enhances the value provided by the Company to its customers.

The Company launched a range of six Sustainable Index Equity Funds during 2022.

No dividends were paid during the year (2021: £nil).

Future developments
The Company has plans to launch a new multi manger PUTM Fund (by rationalising existing PUTM Funds) and launch a couple of Sustainable Index bond funds in 2023, to diversify and improve its asset management offering.

In addition, the Company plans to further increase Assets Under Managements ("AUM") during 2023 through the transfer and collectivisation of funds from elsewhere within Phoenix Group.

Climate change: activity in the year and future developments
Climate change is one of the greatest global challenges faced today. The Group's ambition is to be a net zero business by 2050 and believes the Group has a significant role to play in helping to address the climate emergency and accelerating the transition to a net zero economy. This is intrinsically linked to the Group's purpose of helping people secure a life of possibilities.

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

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

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

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

Key Performance Indicators ("KPIs")
The results of the Company for the year are shown in the Statement of comprehensive income on page 13.

The Company's performance is measured and monitored by the Board with particular regard paid to the following KPIs**:**

Profit before tax
The Company reported a profit before tax of £861k (2021: £1,586k).

Regulatory capital
The Company operates under the regulation of the FCA. The Company regularly reviews and forecasts its adjusted net asset position for regulatory capital adequacy purposes as determined by Chapter 11 of IPRU (INV). At 31 December 2022, it had an excess over its regulatory capital requirement of £10,265k (2021: £10,044k). Note 15 discusses the Company's capital management policy.

Box management
The Company operates a zero box for all its funds. There was no box profit or loss for the current or previous year.

Directors' duties under section 172 of the Companies Act
Section 172 of the Companies Act 2006 requires each director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing so, each director must have regard, amongst other matters, to the:

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

During the year, the directors of the Company have applied section 172 of the Companies Act 2006 in a manner consistent with the overall purpose, values and strategic priorities of the Phoenix Group. When considering issues of strategic importance, and making key decisions about the company (or those that impact the wider Group), the directors have acted in a way which they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole.

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

- The Company's customers on behalf of whom it manages unit trusts, including its parent and other Life Companies within the Group;
- Employees engaged by the Company via service companies within the Phoenix Group;
- Its regulator, the Financial Conduct Authority;
- Its asset managers and other service providers; and
- The Company's immediate parent, Phoenix Life Limited and ultimate parent, Phoenix Group Holdings plc.

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

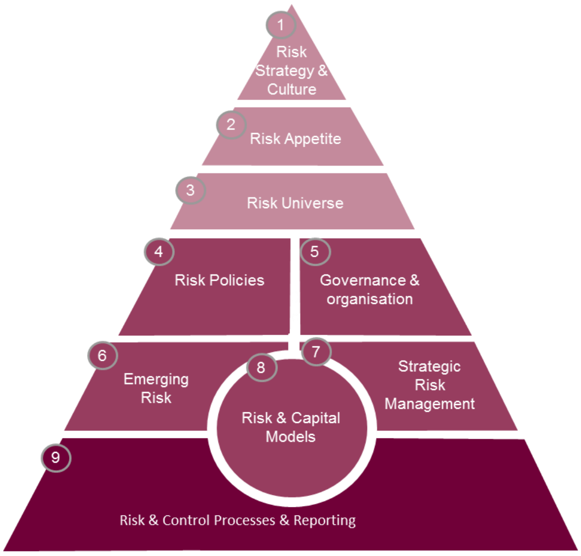
KEY BOARD DECISION	**Multi-Manager Model**
STRATEGIC IMPORTANCE **Optimising our in-force business**	CONSIDERATION OF S172 MATTERS The Board's review of proposals relating to the launch of a multi-manager single fund model for a UK equity fund and a US equity fund focused on the following elements: **Fostering business relationships with suppliers, customers and others** The Board considered the impact of the launch of the new model on investment managers, noting that all were supportive of the proposal and would not need to implement any material changes to existing processes. In respect of the Company's internal customers, the Board recognised that the multi-manager model introduced benefits, including undertaking rebalancing at custody, rather than customer level. For external customers, the new model would give retail investors the option to redeem units or invest in suitable and eligible alternative funds in the Company, since they were not eligible to invest directly in authorised contractual schemes ("ACSs"). Finally, for US equities, pension based investors in the unit trust would no longer have a different tax experience to those in ACSs. **Likely consequences of any decisions in the long term** The impact of using the multi-manager single fund model instead of multiple separate funds was also considered by the Board. It was noted that the proposed new model improved operational efficiency and was expected to deliver marginal annual cost savings.
OUTCOME	Following due consideration of the matters set out in section 172, the Board approved the launch of the multi-manager single fund model for a UK equity fund and a US equity fund and closure of existing ACS sub-funds and unit trusts on transition of assets and units into the multi-manager arrangements.
KEY BOARD DECISION	**YE21 Annual Accounts**
STRATEGIC IMPORTANCE **Optimising our in-force business**	CONSIDERATION OF S172 MATTERS **Likely consequences of any decisions in the long term** As part of the year end accounts approval process, the Board considered whether the expectation that the Company would continue in operational existence for the foreseeable future was appropriate. Such consideration enabled the Board to reach a decision to approve the YE21 accounts, within which a going concern statement was included (relied upon by others assessing the business). The long-term impact of the decision to approve the YE21 accounts therefore included the potential reliance of those reading the accounts on the going concern statement, which the Board considered to be relevant and accurate. **Maintaining a reputation for high standards of business conduct** Prior to approving the YE21 accounts, the board considered the opinions of the Finance Director with 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 in light of escalating Ukraine tensions and the effects of climate change on accounting judgements and estimates.
OUTCOME	Following due consideration of the matters set out in section 172, the Board approved the YE21 accounts.

KEY BOARD DECISION	**Launch of further sub funds within the PUTM ACS Scheme**
STRATEGIC IMPORTANCE **Optimising our in-force business**	CONSIDERATION OF S172 MATTERS The Board received a recommendation to launch three new sub-funds within the PUTM ACS Scheme. In considering the recommendation, the Board focused on the following factors: **Likely consequences of any decisions in the long term** The Board noted that the proposal supported the Group's ambition to collectivise much of its direct asset holdings via the PUTM ACS Scheme. In this instance, the new funds were designed to support the strategy of fellow subsidiary, ReAssure Limited, by allowing it to transfer assets and subsequently transfer into the Scheme in an efficient way. **Fostering business relationships with suppliers, customers and others** As part of its deliberations, the Board recognised that the collectivisation exercise was expected to generate annual cost savings for both the shareholder and policyholder.
OUTCOME	Following due consideration of the matters set out in section 172, the Board approved the in-specie transfer of assets into a set of three newly launched ACS sub-funds, as described above.
KEY BOARD DECISION	**Stock Lending Arrangements**
STRATEGIC IMPORTANCE **Optimising our in-force business**	CONSIDERATION OF S172 MATTERS The Board considered proposals in relation to the Company's stock lending arrangements. In deliberating the proposals, the Board focused on the following matters: **Fostering business relationships with suppliers, customers and others** The Board recognised that stock lending was a way of delivering meaningful returns for a limited risk, with most of the revenue generated by this activity going to customers, thereby helping them secure a life of possibilities. The proposed appointment of an existing strategic provider as a stock lending agent on a trial basis was expected to further enhance the relationship. **Maintaining a reputation for high standards of business conduct** The Board noted that the Company's stock lending program had been reviewed against the stock lending requirements set out in the regulator's Conduct of Business Sourcebook and found to be fully compliant. **Impact of the Company's operations on the community and the environment** The Company's stock lending arrangements had been benchmarked against and found to be consistent with principles published by the International Securities Lending Association Council for Sustainable Finance. It also noted that in general, Group stock lending programs were established in such a way as to ensure that there was no interference with investment strategy, thereby ensuring that the Group's ability to deliver its sustainability agenda was not impacted.
OUTCOME	Following due consideration of the matters set out in section 172, the Board approved the appointment of the existing strategic partner as a stock lending agent on a trial basis in respect of one fund. It also approved the inclusion of all other Company funds in the existing stock lending programme, together with the inclusion of the assets of a further Group company customer in the Company's stock lending programs.

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

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

The nine components of the RMF are illustrated in the diagram below. Further details on each component are outlined in the Strategic report of the Group's Annual Report and Accounts 2022.



Risk Environment

The overall risk environment remains uncertain and is dominated by ongoing inflationary pressures, with implications for economic stability and the welfare of the Company's customers and colleagues.

The cost of living crisis and sustained high inflation is impacting the lives of the Company's customers, particularly those that are most vulnerable. Increased taxes and reduced public spending announced in the Autumn Budget are likely to exacerbate these impacts. The Company remains focused on finding ways to support its customers and has also introduced a number of initiatives to support colleagues. Central Banks face a challenging balancing act to control inflation whilst managing the risk of global recession. The Group's Stress and Scenario Testing programme, applicable to the Company, continues to consider a range of adverse circumstances to help determine the actions needed to respond to economic pressures.

Geopolitical risk remains prominent, including the effects arising from the ongoing conflict in Ukraine as well as post-Brexit factors. The Group continues to monitor developments across the political environment.

Principal risks and uncertainties

The key operational and financial risks that the Company is exposed to are liquidity risk, legislative and regulatory risk, credit risk and operational risk (including risk of outsourcer failure). These risks are discussed within note 18 of the financial statements.

Cash flows are monitored closely by the business to ensure that all liabilities can be met as they fall due.

The Company closely manages the risk of failure to maintain sufficient capital to provide appropriate security for policyholders and meet all regulatory capital requirements mandated by the FCA. The Capital Management Framework is detailed in note 15.

On behalf of the Board

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C Baker
Director

21 April 2023

Directors' report

The Company is incorporated in the United Kingdom as a private limited company. Its registration number is 3588031 and its registered office is 1 Wythall Green Way, Wythall, Birmingham, B47 6WG. Its principal place of business is the United Kingdom.

Going concern

The Strategic report and the Directors' report summarise the Company's activities, its financial performance and its financial position together with any factors likely to affect its future development. In addition, it discusses the principal risks and uncertainties it faces. Notes 15 and 18 to the financial statements summarise 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 (April 2016)*" when performing their going concern assessment. As part of their comprehensive assessment of whether the Company is a going concern, the Directors have prepared profitability, cash flow and solvency forecasts for the Company for the period to 30 June 2024.

Scenarios considered were an immediate decrease in FUM by £30bn (53%), with no recovery or additional FUM received over the going concern period, a doubling of non-passthrough operating expenses and the removal of the cap on the regulatory capital requirement. Each of these scenarios is considered to be highly unlikely.

The Company would continue to hold excess capital over the FCA requirement in each of these scenarios until the end of the going concern period. It would hold excess capital over its capital management policy in all scenarios other than the removal of the regulatory capital cap. In this scenario it is historic regulatory practice for there to be a transitional period and during this period the Company would have time to implement identified contingency actions to repair the breach.

The Company has a strong liquidity position, with £25m of cash and liquidity funds at 31 December 2022, and regular reviews are undertaken to identify cash flow requirements. The cash and liquidity funds are held with financial institutions which have an investment grade rating and a positive outlook. The Company has a strong net asset and net current asset position.

As a result of this review, the Directors believe the Company has adequate resources to continue in operational existence until at least 30 June 2024. 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:

C Baker
S Clarke (resigned 30 September 2022)
T Harris (appointed 30 September 2022)
B Meaney (appointed 1 October 2022)
A Moss (resigned 1 October 2022)
N H Poyntz-Wright

Secretary

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

Disclosure of indemnity

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

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, the Board received regular updates on the performance of investment managers, taking action as necessary to ensure that high standards are maintained.

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

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

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

On behalf of the Board

DocuSigned by:
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C Baker
Director

21 April 2023

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare those statements in accordance with UK adopted international accounting standards. Under company law, the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial performance, financial position and cash flows of the Company for the accounting period. A fair presentation of the financial statements in accordance with UK adopted international accounting standards ("IAS") requires the Directors to:

- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK adopted international accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with applicable UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHOENIX UNIT TRUST MANAGERS LIMITED

Opinion

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

In our opinion, the financial statements:

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards and the Companies Act 2006), supervisory requirements under Financial Conduct Authority ("FCA") and the relevant direct tax regulation in the United Kingdom. In addition, the Company is required to comply with laws and regulations relating to its operations, including health and safety, anti-bribery and corruption and General Data Protection Regulation ('GDPR').
- We understood how the Company is complying with those frameworks by making inquiries with those charged with governance, internal audit and management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address the risks identified by the entity and to prevent or detect fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making inquiry of those charged with governance, management, and internal audit for their awareness of any non-compliance of laws and regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers, inquiring about the Company's method of enforcing and monitoring compliance with such policies and inspecting significant correspondences with the regulators.

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

Use of our report

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

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Ernst & Young LLP

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

Date: April 2023

24 April 2023

Statement of comprehensive income
for the year ended 31 December 2022

	Notes	2022 £000	2021 £000
Revenue			
Revenue from contracts with customers	4	73,303	71,272
Net investment income	5	375	16
Total revenue		73,678	71,288
Operating expenses	6	(72,817)	(69,702)
Total operating expenses		(72,817)	(69,702)
Profit for the year before tax		861	1,586
Tax charge	7	(164)	(301)
Profit for the year		697	1,285
Other comprehensive income		-	-
Total comprehensive income for the year		697	1,285

Statement of financial position
as at 31 December 2022

	Notes	As at 31 December 2022 £000	As at 31 December 2021 £000
Assets			
Receivables	10	86,955	51,572
Collective investment schemes	11	25,362	37,970
Cash and cash equivalents	12	56	28
Total assets		112,373	89,570
Equity attributable to owners			
Share capital	13	5,000	5,000
Capital contribution reserve	14	9,500	9,500
Retained earnings		4,637	3,940
Total equity		19,137	18,440
Liabilities			
Accruals		570	551
Payables	16	92,666	70,579
Total liabilities		93,236	71,130
Total equity & liabilities		112,373	89,570

On behalf of the Board

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C Baker
Director
21 April 2023

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

	Share capital (note 13) £000	Capital contribution reserve (note 14) £000	Retained earnings £000	Total £000
At 1 January 2022	5,000	9,500	3,940	18,440
Profit for the year	-	-	697	697
Total comprehensive income for the year	-	-	697	697
At 31 December 2022	5,000	9,500	4,637	19,137
At 1 January 2021	5,000	9,500	2,655	17,155
Profit for the year	-	-	1,285	1,285
Total comprehensive income for the year	-	-	1,285	1,285
At 31 December 2021	5,000	9,500	3,940	18,440

Of the above, £14,137k (2021: £13,440k) is considered distributable.

Statement of cash flows
for the year ended 31 December 2022

	Notes	2022 £000	2021 £000
Cash flows from operating activities			
Cash generated by operations	17	28	27
Net cash flows from operating activities		28	27
Net increase in cash and cash equivalents		28	27
Cash and cash equivalents at the beginning of the year		28	1
Cash and cash equivalents at the end of the year	12	56	28

Notes to the financial statements

1. Basis of preparation

The financial statements for the year ended 31 December 2022, set out on pages 13 to 27, were authorised by the Board of Directors for issue on 21 April 2023.

The financial statements have been prepared on a going concern basis and under the historical cost convention in accordance with the Companies Act 2006.

Assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by an international financial reporting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

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

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

The results of the Company are consolidated into the accounts of the Company's ultimate parent, Phoenix Group Holdings plc, a company incorporated in England and Wales. Copies of the Phoenix Group Holdings plc consolidated financial statements can be obtained from their company website, www.thephoenixgroup.com.

Going concern
When performing their going concern assessment, the Directors considered financial projections which demonstrate the ability of the Company to withstand a range of very severe scenarios. The projections demonstrated that excess capital over the regulatory requirement would remain in the Company under all scenarios, and that liquidity was adequate to meet liabilities as they fell due over the going concern period to 30 June 2024.

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

Statement of compliance
The financial statements of the Company for the year ended 31 December 2022 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.

2. Accounting policies

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

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of the Company's business that typically require such estimates relate to the recoverability of financial assets. The treatment of financial assets is set out in accounting policy (e). No significant judgements or estimates have been made in determining the financial results or financial position of the Company.

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

The majority of the Company's financial assets are receivables due from within the Group and are held at historical cost. The Group has considered the impact of climate change across its business and based on the results of this assessment the Company does not consider any impairment to these assets is required.

The Company's financial assets held at fair value use quoted market prices in their valuation. The use of quoted market prices and market inputs to fair value is assumed to include current information and knowledge regarding the effect of climate risk. The Company holds no financial assets which include material unobservable inputs in their valuation.

(b) Income and expense recognition

Revenue from contracts with customers

Revenue is recognised on an accruals basis and is measured at the fair value of the consideration received or receivable. Revenue represents amounts due for annual management fees charged to the funds under management less rebates payable and investment management fees.

Net investment income

Net investment income comprises interest on cash and cash equivalents, dividend income and fair value gains and losses on collective investment schemes, and profit or loss on the sale of units.

Interest income is recognised in the statement of comprehensive income as it accrues using the effective interest method. Dividend income is recognised as income in the statement of comprehensive income on the date the right to receive payments is established, which in the case of listed securities is the ex-dividend date.

Fair value gains and losses on financial assets 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.

Sale and purchase of units

The Company is an authorised Corporate Director of unit trusts. The Company acts as a principal in respect of acquisition and disposal of units in the unit trusts by the Life Companies with the trustee of these unit trusts. The acquisition of units in the unit trusts represents revenue to the Company with disposals, creations and liquidations recognised as cost of sales. The profit or loss on the sale of units represents the difference between this revenue and the associated cost of sales. All trades (and the associated profit or loss) are recognised on the trade date at the consideration receivable or payable for the settlement of the transaction.

(c) Income tax

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

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

(d) Dividends

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

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

(e) Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are initially recognised at cost. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. Subsequent to initial recognition, these investments are carried at amortised cost, using the effective interest method.

Collective investment schemes

Collective investment schemes are designated at fair value through profit or loss and accordingly are stated in the statement of financial position at fair value. They are designated at fair value through profit or loss because they are managed and evaluated on a fair value basis in accordance with the Company's stated risk management policies.

Impairment of financial assets

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

The Company measures loss allowances which have low credit risk using the 12-month Expected Credit Loss ("ECL"). Interest revenue is recognised on a gross basis. A simplified approach is used to determine the loss allowances for other receivables and contract assets within the scope of IFRS 15, as these are always measured at an amount equal to lifetime ECLs. See note 18 for details of how the Company assesses whether the credit risk of a financial asset has increased since initial recognition and when estimating ECLs.

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

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

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

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

(f) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and short-term deposits with an original maturity term of three months or less at the date of placement. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are deducted from cash and cash equivalents for the purpose of the statement of cash flows.

(g) Share capital and capital contributions
The Company has issued ordinary shares which are classified as equity. Capital contributions received by the Company and which contain no agreement for their repayment are recognised directly in the statement of changes in equity as a distributable reserve.

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

3. New and amended accounting standards

New Accounting Pronouncements in 2022
No new accounting standards issued by the IASB are considered to have a significant impact on the Company's financial statements or accounting policies.

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

- **Classification of Liabilities as Current and Non-current (Amendments to IAS 1 *Presentation of Financial Statements*) (1 January 2023):** The amendments clarify rather than change existing requirements and aim to assist entities in determining whether debt and other liabilities with an uncertain settlement date should be classed as current or non-current. It is currently not expected that there will be any reclassifications as a result of this clarification.
- **Disclosure of Accounting Policies (Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*) (1 January 2023):** The amendments are intended to assist entities in deciding which accounting policies to disclose in their financial statements and requires an entity to disclose 'material accounting policy information' instead of its 'significant accounting policies'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements. These amendments are not expected to have any impact on the Company.
- **Definition of Accounting Estimates (Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*) (1 January 2023):** The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty'. The Board has retained the concept of changes in accounting estimates in the Standard by including a number of clarifications. These amendments are not expected to have any impact on the Company.

4. Revenue from contracts with customers

	2022 £000	2021 £000
Investment management fees	69,561	58,890
Performance fees	403	8,346
Management fees on unit trusts	13,520	15,647
Less: Management fee rebates	(10,388)	(11,712)
Revenue from stock lending	207	91
Other revenue	-	10
	73,303	71,272

Management fees on unit trusts, less rebates, are recognised over time as the Company provides investment management services. The percentage fee is specified in the fund prospectuses. There are no remaining performance obligations as the revenue recognised corresponds to the value to the customer.

Significant judgements are not required in determining the costs incurred to obtain or fulfil contracts with customers, and no amortisation is required, as income directly matches costs with management charges being applied on an ongoing (or pro-rata) basis.

5. Net investment income

	2022 £000	2021 £000
Sales of units	18,221,773	8,292,717
Cost of sales of units	(18,221,773)	(8,292,717)
Dividend income	380	20
Fair value losses on financial instruments designated as FVTPL on initial recognition	(5)	(4)
	375	16

6. Operating expenses

	2022 £000	2021 £000
Investment management fees	69,561	58,888
Performance fees	403	8,346
Fund administration fees	1,918	1,652
Other administrative expenses	935	816
	72,817	69,702

Employee costs
The Company has no employees. Administrative services are provided by Phoenix Group Management Services Limited (formerly known as Pearl Group Management Services Limited) (“PGMS”), a fellow group companies.

7. Tax charge

	2022 £000	2021 £000
Current tax:		
UK Corporation tax for the current year	164	301
Total tax charge	164	301

Reconciliation of tax charge

	2022 £000	2021 £000
Profit before tax	861	1,586
Tax at standard UK rate of 19% (2021: 19%)	164	301
Total tax charge for the year	164	301

The UK corporation tax rate is increasing from 19% to 25% with effect from 1 April 2023. This was enacted on 24 May 2021. No deferred tax assets or liabilities are recognised at 31 December 2022.

8. Directors' remuneration

	2022 £000	2021 £000
Remuneration (excluding pension contributions, awards under share option schemes and other long-term incentive schemes)	99	90
Share option schemes and other long-term benefits	57	38
Contributions to money purchase pension schemes	1	3
	157	131

	2022 Number	2021 Number
Number of Directors accruing retirement benefits under:		
- a money purchase pension scheme	2	1
Number of Directors who had exercised share options during the year	2	2

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

9. Auditor's remuneration

During the financial year ended 31 December 2022, Ernst & Young LLP acted as the Company's external auditor.

In 2022 auditors' remuneration amounted to £70k (2021: £60k) 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.

10. Receivables

	2022	2021
	£000	£000
Amounts due from Group companies		
Management fee income receivable	4,400	6,362
Amounts receivable in respect of settlement of units in underlying funds	9,303	6,851
Other amounts due from Group companies	73,000	37,852
Amounts due from third parties		
Prepayments	70	45
VAT debtor	-	16
Trade receivables	39	260
Accrued income	62	103
Other	81	83
	86,955	51,572
Amount recoverable after 12 months	2,258	5,171

11. Collective investment schemes

	2022	2021
	£000	£000
Liquidity funds	25,362	37,970

Structured entities
A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements.

The Company has determined that its investments in Collective investment schemes as presented on the face of the Statement of Financial Position are structured entities. These investments are in liquidity funds (specifically a Short Term Variable Net Asset Value Money Market fund) which is held for the purpose of managing liquidity and is managed together with the Company’s cash and cash equivalents.

The Company’s holdings in these investments are subject to the terms and conditions of the fund’s prospectus and are susceptible to market price risk arising from uncertainties about future values. The Company can withdraw assets from the fund at any time on a T+0 basis. The assets of the fund are invested with the aim to preserve capital whilst providing a return in line with prevailing short term money market interest rates by investing in assets that can be readily purchased and sold in normal market conditions, thus maintaining a high degree of liquidity.

The fund is managed by abrdn, which was a related party of the Company until 22 February 2021. The fund manager is compensated by the fund for their services. Such compensation is calculated as a percentage of the Net Asset Value of the fund and is reflected in the valuation of the fund.

The Company has not provided any non-contractual financial or other support to any structured entities and there are no current intentions to do so.

The Company’s maximum exposure to loss to the interests presented above is the carrying amount of the Company’s investments. Once the Company has disposed of its shares or units in a fund, it ceases to be exposed to any risk from that fund.

Fair value methodology
The Company’s interests in collective investment schemes are held at fair value through profit or loss in accordance with accounting policy (e). Any change in fair value is included in the Statement of comprehensive income in ‘Net investment income’.

The fair value of collective investment schemes is measured by reference to published bid prices. These instruments are generally considered to be quoted in an active market and are therefore categorised as level 1 instruments within the fair value hierarchy.

All the Company’s collective investment schemes have been valued using standard market pricing sources.

12. Cash and cash equivalents

	2022	2021
	£000	£000
Bank and cash balances	56	28
	56	28

The carrying amounts of cash and cash equivalents are not materially different from their fair values at the year end. There is £42k (2021: £167k) of cash held in Client Money accounts that does not belong to the Company and therefore is not recognised on the Company's balance sheet.

13. Share capital

	2022	2021
	£000	£000
Issued and fully paid: 5,000,000 ordinary shares of £1 each	5,000	5,000

The holder of each ordinary share is 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 at its discretion out of distributable profits.

14. Capital contribution reserve

	2022	2021
	£000	£000
At 1 January	9,500	9,500
At 31 December	9,500	9,500

15. Capital management

The Company's capital resources comprise share capital and reserves, and are shown below. Positive movement during the year comprises the total comprehensive income for the year of £697k (2021: £1,285k).

The Company's capital resources are monitored by the Directors and managed on an on-going basis. The Directors are responsible for ensuring that the Company maintains an appropriate level of capital resources to enable it to meet liabilities arising from reasonably foreseeable extreme events. The Company has implemented a system of regular reviews to monitor the level of capital resources in the short to medium term taking account of anticipated future developments.

As an 'Undertakings for Collective Investments in Transferable Securities (UCITS)' investment firm, the Company is subject to regulation by the FCA and must maintain sufficient capital resources to meet its regulatory capital requirement. The Company maintained sufficient capital to cover its regulatory capital requirement at both 31 December 2022 and 31 December 2021, and throughout both the current and prior years.

	2022	2021
	£000	£000
Total capital	19,137	18,440
FCA capital requirement	8,872	8,396
Excess over FCA requirement	10,265	10,044

16. Payables

	2022 £000	2021 £000
Investment management fees payable	35,787	46,938
Performance fees payable	5,558	12,728
Amounts payable in respect of settlement of units in underlying funds	49,942	10,130
Amounts due to other group companies	1,376	783
VAT creditor	3	-
	92,666	70,579
Amounts due for settlement after 12 months	2,258	5,171

17. Cash flows

Cash flows from operating activities	2022 £000	2021 £000
Profit for the year before tax	861	1,586
Add back non-cash movement in profit for the year before tax		
Fair value losses on collective investment schemes	5	4
Changes in operating assets and liabilities		
Change in receivables	(35,383)	(12,502)
Change in collective investment schemes	12,603	(17,250)
Change in accruals and payables	21,942	28,189
Cash generated from operations	28	27
Supplementary disclosures on cash flows from operating activities		
Dividends received	380	20

The cash flow has been prepared using the indirect method.

18. Risk management

The Phoenix Group Risk Management Framework sets out the high level arrangements for risk management, control and assurance within Phoenix Group and its subsidiaries. It is designed to provide a structured approach for identifying, assessing, controlling and monitoring financial and non-financial risks within Phoenix Group companies, which includes the Company. The Company is not expected to be directly exposed to any market risk, as it does not hold any surplus units in the Funds as a principle in the ordinary course of business.

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 daily monitoring of cash flows and regular reviews to identify cash flow requirements.

The Company's liquidity risk continues to be de-minimis, since the Company hold its funds in highly liquid, readily available liquidity funds which are exposed to only a minimal risk of change in value (see sensitivity below).

The Company's liabilities at 31 December 2022 and 31 December 2021 were all repayable on demand for a consideration equivalent to the carrying value disclosed in the statement of financial position, other than those liabilities due after 12 months as disclosed in note 16. Those liabilities due after 12 months are due over a period from 2 to 4 years from the balance sheet date, and at each due date there is a receivable due in the same amount.

Legislative and regulatory risk
The Company is subject to regulation by the FCA. The FCA has broad regulatory powers dealing with all aspects of financial services including, amongst other things, the authority to grant and, in specific circumstances, to vary or cancel permissions to carry out particular activities. The Group has processes in place to keep up to date with latest FCA guidelines and regulation. The Group is also responsible for treating its customers fairly and adheres to FCA guidelines in respect of this.

On 27 July 2022 FCA has published the final rules of Consumer Duty, giving a higher level of protection to consumers. The Consumer Duty aims to drive culture change and instill consumer trust, an aim welcomed by the Group and the Company. An internal project has been initiated to deliver the changes.

There is uncertainty over the future of regulation as financial services regulation is being consulted on by HM Treasury, which aims to establish how much rule-making power will pass from legislation to the UK's regulators (the 'Future Regulatory Framework' review).

Operational risk

The Group has established an Operational Resilience Framework, which applies to the Company. This identifies important business services, accountability, sets tolerances for disruption and describes the processes that will deliver the required level of resilience. This enhances the protection of our customers and stakeholders, preventing intolerable harm and supports compliance with the regulations. The Company works closely with its outsourcers to ensure that the level of resilience delivered is aligned to the Company's impact tolerances.

The Company and its outsourcers have well established business continuity management and disaster recovery frameworks that are subject to an annual refresh and regular testing.

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

Credit risk

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

Credit risk management practices

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

Category	**Description**	**Basis for recognising 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 table below details the credit quality of the Company's financial assets, as well as the Company's maximum exposure to credit risk by credit risk rating grades.

Financial assets	External credit rating	Internal credit rating	ECL recognition	Gross carrying amount £000	Loss allowance £000	Net carrying amount £000
Intercompany receivables	N/A	Performing	12 month ECL	86,703	-	86,703
Trade receivables	BBB+	N/A	12 month ECL	39	-	39
Other receivables	N/A	Performing	12 month ECL	81	-	81
Cash and cash equivalents	BBB	N/A	12 month ECL	1	-	1
Cash and cash equivalents	A+	N/A	12 month ECL	55	-	55
Collective investment schemes	AAA	N/A	12 month ECL	25,362	-	25,362

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.

Intercompany receivables (note 10) – 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.

Trade receivables (note 10) and Other receivables (note 10) - The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty including historical loss experiences and current market conditions. For each new counterparty, the Company also analyses the creditworthiness before the Company's standard payment terms and conditions are offered. The Company also reviews external ratings, if they are available, and financial statements.

Cash and cash equivalents (note 12) - The Company's cash and cash equivalents are held with financial institutions which have an investment grade rating and a positive outlook. The Company therefore considers that its cash and cash equivalents have low credit risk based on the external credit rating of the counterparties and there being no history of default.

Collective investment schemes (note 11) - The Company's collective investment schemes represent investments in a fund which has an investment grade rating and a positive outlook. The Company therefore considers that its collective investment schemes 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.

Sensitivity analysis
The Company is exposed to market risk in respect of its holdings in collective investment schemes (note 11). The table that follows illustrate the sensitivity of profit after tax and equity to reasonably possible variations in the unit price at the reporting date.

	2022	2021
	Effect on profit after tax and equity	Effect on profit after tax and equity
	£000	£000
0.20% increase in unit price	51	76
0.20% decrease in unit price	(51)	(76)

19. Related party transactions

The Company enters into transactions with related parties in its normal course of business. These are at arm's length on normal commercial terms.

	2022	2021
	£000	£000
Revenue recognised from related parties		
From parent company:		
Investment management and performance fees	15,807	20,702
Less: management fee rebates	(10,388)	(11,712)
From fellow group companies:		
Investment management and performance fees	54,100	46,470
Management fees from unit trusts	13,520	15,647
Operating costs with related parties		
Fund administration and other administration fees charged by fellow group companies	2,638	2,347
Investment management and performance fees charged by other related parties	-	12,857
Amounts due from related parties		
Due from the parent	8,739	10,171
Due from fellow subsidiaries: other	64,261	27,681
Due from fellow subsidiaries: unit trusts	13,703	13,213
	86,703	51,065

	2022 £000	2021 £000
Amounts due to related parties		
Due to the parent	6,732	1,351
Due to fellow subsidiaries: other	3,132	5,632
Due to fellow subsidiaries: unit trusts	40,639	3,279
Other payables - Group Relief	815	651
	51,318	10,913

Unit trusts
The unit trusts which the Company manages are fellow subsidiaries of the group, and therefore transactions with the unit trusts are disclosed above.

Investment management
The Company provides investment management services to its parent, as well as to fellow subsidiaries within the Group.

Transactions with abrdn plc (formerly Standard Life Aberdeen plc)
Amounts disclosed as transactions with other related parties consist of transactions with abrdn plc (formerly Standard Life Aberdeen). As part of the acquisition of Standard Life Assurance Limited by the Phoenix Group in 2018, abrdn took a 19.98% equity stake in the enlarged Phoenix Group, and therefore became a related party of the Company from that date. The acquisition of ReAssure Limited resulted in abrdn's interest in the Group being diluted to 14.42%, but it remained a related party of the Company. As a result of the sale of UK investment and platform-related products to abrdn and the acquisition of Standard Life brand by the Group on 22 February 2021, abrdn ceased to be a related party of the Company. abrdn continues to provide investment management services to the Company.

Accordingly, the prior year disclosed transactions consist only of transactions until 22 February 2021. The current year disclosure does not include any transactions with abrdn.

Net investment income
All of the Company's net investment income is from fellow subsidiaries of the group. Details of this income is provided in note 5.

Amounts due to and from related parties
Amounts due to and from related parties relate to trade receivables and payables, other than the group relief disclosed separately above.

Dividends
No dividends were paid to the parent company during the year (2021: £nil).

Key management compensation
The compensation payable to employees classified as key management, which comprises the Directors, is disclosed in note 8. Key management and other family members had no other transactions with the Company in either the current or the prior year.

Parent and ultimate parent entity
Information on the Company's parent and ultimate parent is given in note 20.

20. Ultimate parent and ultimate controlling party

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