

71805

PA (GI) Limited

Report and Financial Statements for the year ended 31 December 2009



PA (GI) Limited

Report and financial statements for the year ended 31 December 2009

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PA (GI) Limited

Directors

Mr M R Kipling

Mr M J Merrick

Mr J S Moss

Mr J S B Smith

Secretary

Pearl Group Secretariat Services Limited

Registered office

1 Wythall Green Way, Wythall, Birmingham B47 6WG

Auditors

Ernst & Young LLP

1 More London Place, London, SE1 2AF

PA (GI) Limited

Directors' report for the year ended 31 December 2009

Company registration number 71805

Principal activities and review of business

The principal activities of the Company are associated with managing the residual non life liabilities acquired in July 2004 under a general sale and purchase agreement relating to a number of companies within the Royal & Sun Alliance Insurance Group plc

Corporate Developments

On 2 September 2009, the shareholders of Pearl Group Limited (subsequently renamed Pearl Group Holdings (No 2) Limited), which at the time was the Company's ultimate parent undertaking, exchanged their interests in the Group for the issue of shares in Liberty Acquisitions Holdings (International) Company. Following this, Liberty Acquisitions Holdings (International) Company became the Company's ultimate parent undertaking and subsequently changed its name to Pearl Group. On 15 March 2010, Pearl Group was renamed Phoenix Group Holdings.

Also on 2 September 2009, the Financial Services Authority lifted the Own Initiative Variation of Permission ("OIVoP") which it had placed on the PGH2 group in 2008.

Business transacted

As noted above, the Company transacts general insurance business which is in run off. This business is fully reinsured to, and administered by, Royal & Sun Alliance Insurance plc ("RSA").

Administrative expenses, external costs and other costs and expenses arising out of the General Business which forms the entirety of the Company's portfolio are the subject of an indemnity from RSA's parent, Royal & Sun Alliance Insurance Group plc granted at the time of acquisition of the Company by Resolution Life Limited.

Result and dividends

The result of the Company for the year is shown in the profit and loss account on pages 10 to 11.

The loss before tax amounted to **£0.4m** (2008 profit £1.8m).

No dividend was paid in the year.

Principal risks

The principal risks to which the Company was exposed during the year relate to the long tail insurance liabilities. As set out in note 2 to the financial statements, these liabilities are predominantly asbestos-related claims and as such there is significant uncertainty as to the amounts at which they will ultimately be settled. The insurance business of the Company is administered on its behalf by RSA.

The general insurance liabilities of the company are wholly reinsured to RSA and as such any movement in the gross outstanding claims will have no impact on the result for the year or the net asset position of the Company.

The Company is exposed to the counterparty risk that RSA is unable to meet its obligations under the reinsurance contract as well as the risk of default on the Company's invested assets, which are considered to be relatively low risk.

Key Performance Indicators ("KPIs")

The Company's performance is measured and monitored by the Board with relevance to the following KPIs:

Regulatory Capital

The aim of the Company is to maintain an appropriate margin of regulatory capital over capital resources requirement, as calculated in accordance with the FSA Handbook. As at 31 December 2009, the Company's assets in excess of regulatory requirements were **£4.2m** (2008 £3.9m).

PA (GI) Limited

Directors' report for the year ended 31 December 2009 (continued)

Key Performance Indicators ("KPIs") continued

Profits after taxation and distributable reserves

For the year ended 31 December 2009, the Company reported a loss after taxation of **£0.3m** (2008 profit £1.3m). As at 31 December 2009, the Company had an amount available for distribution of **£6.6m** (2008 £6.9m).

Future developments

The Company is presently in discussion with RSA and with its shareholder with regards to, the removal of the General Business and the recovery of the ongoing and incurred cost and expense arising from the General Business.

Going concern

The Directors' report summarises the Company's activities, its financial performance and financial position together with any factors likely to affect its future development. In addition, it discusses the principal risks and uncertainties it faces.

The Board has followed the UK Financial Reporting Council's "*Going Concern and Liquidity Risk Guidance for Directors of UK Companies 2009*" when performing their going concern assessment. As part of its comprehensive assessment of whether the Group and the Company is a going concern the Board has undertaken a review of the valuation and liquidity of its investments as at the balance sheet date. The Board has also reviewed solvency and cash flow projections under normal and stressed conditions.

As a result of this review, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

Mr M J Merrick was appointed as a Director of the Company on 5 January 2009. Mr D C Huntley resigned as a Director of the Company on 23 December 2009.

The other Directors, whose names appear on page 2, served throughout the year.

Disclosure of indemnity arrangements

Pearl Group Holdings (No 2) Limited (PGH2) has agreed to provide an Indemnity to certain persons associated with that company and its subsidiaries. These persons include nominated directors and secretaries of PGH2 Limited, directors and secretaries of subsidiary companies such as the Company together with alternate directors and approved persons, being persons in relation to whom the Financial Services Authority has given its approval under section 59 of the Financial Services and Markets Act 2000 ("FSMA") for the performance of a controlled function. This indemnity will cover all losses, costs and expenses incurred by an indemnified person incurred in the exercise, execution and discharge of his duties, or connected to the same, to the fullest extent permitted, consistent with the Companies Act 2006 and the FSA Rules. In addition, with effect from and on 1 March 2010, Impala Holdings Limited has also agreed to provide an Indemnity to certain persons associated with the Company. These persons include the Company's directors, Secretary and approved persons. This indemnity will cover all losses, costs and expenses incurred by an indemnified person in the exercise, execution and discharge of his duties, or connected to the same, to the fullest extent permitted, consistent with the Companies Act 2006 and the FSA Rules. Both indemnities state that they do not apply to any loss suffered or incurred by an indemnified person to the extent that he is indemnified by any third party (including under any Directors & Officers liability insurance). Directors, alternate directors and company secretaries of Pearl Group Holdings (No 1) Limited and subsidiaries of that company (including members of the Scottish Provident Fund Supervisory Committee) may still benefit from the provisions of an earlier Deed of Indemnity entered into by that company.

PA (GI) Limited

Directors' report for the year ended 31 December 2009 (continued)

Secretary

Pearl Group Secretariat Services Limited served as Secretary throughout the year

Disclosure of information to auditors

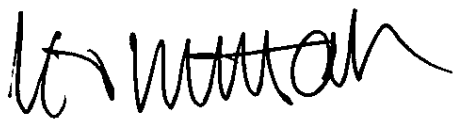
So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware and each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information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

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

Reappointment of Auditors

In accordance with section 487 of the Companies Act 2006, the Company's auditors, Ernst & Young LLP, will be deemed to have been reappointed at the end of the period of 28 days following circulation of copies of these accounts 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 accounts relate

By order of the Directors



L Nuttall

For and on behalf of Pearl Group Secretariat Services Limited
Company Secretary
26 March 2010

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 proper accounting records that 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PA (GI) Limited

Independent auditors' report to the shareholders of PA (GI) Limited

We have audited the financial statements of PA(GI) Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, Movements in Shareholder's Funds, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out, on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

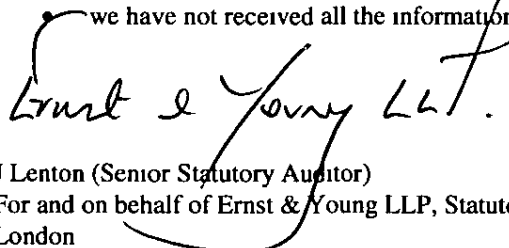
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.


J Lenton (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory auditor
London

29 March 2010

PA (GI) Limited

Accounting Policies

Accounting and disclosure requirements

These financial statements have been prepared in accordance with the provisions of Schedule 3 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance companies

The principal accounting policies of the Company as set out below comply with the Companies Act 2006, applicable UK accounting standards and with the Statement of Recommended Practice ("SORP") issued by the Association of British Insurers in December 2005 (amended in December 2006). All accounting policies have been applied on a consistent basis

Basis of Preparation

The financial statements of the Company have been prepared on the going concern basis. In adopting the going concern basis the following significant matters have been taken into consideration:

- A comprehensive review of the valuation and liquidity of investments at the balance sheet date,
- Solvency, profitability and cash flow projections under normal and stressed conditions, and
- Impact of failures of material reinsurers, service providers and investment managers

The Company has also considered the financial position of its ultimate parent company, Pearl Group ("PG"), in terms of the impact of any breach in its Group Capital Adequacy ("GCA") requirements and/or potential contagion

Cash flow

The Company has taken advantage of the exemption given by FRS 1 *Cash Flow Statements* (revised 1996) to subsidiary undertakings where 90% or more of the voting rights are controlled within the group, by not preparing a cash flow statement. Details of the ultimate holding company are given in note 13 to the accounts.

General insurance business

Underwriting results

The underwriting result is accounted for on an annual basis. Premiums written are accounted for in the year in which the contract is entered into and include estimates where the amounts are not determined at the balance sheet date.

Claims paid represent all payments made during the period whether arising from events during that or earlier periods.

Technical provisions

The provision for claims outstanding whether reported or not, comprises the estimated cost of claims incurred but not settled at the balance sheet date. It includes related expenses and a deduction for the expected value of salvage and other recoveries. The provision is determined using the best information available of claims settlement patterns, forecast inflation and settlement of claims.

Differences between the estimated cost and subsequent settlement of claims are dealt with in the technical account for the year in which the claims are settled or re-estimated.

Reinsurance recoveries are measured with regard to the contractual obligations of the reinsurers and take account of any amount considered to be irrecoverable.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into sterling at rates ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the prevailing rate at the date of the transaction. The resulting exchange adjustments are taken to the non-technical account.

Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved for payment by the Directors.

Accounting Policies (continued)

Investment income

Income and realised and unrealised gains and losses on investments are reported in the non-technical account together with the associated investment expenses and charges

Interest, rents and dividends on investments, other than ordinary shares, are included on an accruals basis. Account is taken of dividend income on ordinary shares when the related investment is quoted 'ex-dividend'

Taxation

Taxation in the non-technical account is based on profits and income for the year as determined in accordance with the relevant tax legislation, together with adjustments to provisions for prior years

Deferred tax is provided in full and consists of the estimated taxation or relief from taxation which is expected to arise from material timing differences using rates based on tax rates and laws which have been substantively enacted by the balance sheet date. Credit is taken for relief for trading and other losses only to the extent that the directors anticipate that suitable profits will absorb such losses in future periods

Investments

Investments are shown at market value.

Realised and unrealised gains and losses

The treatment of realised and unrealised investment gains and losses is as follows

(i) Realised gains and losses

Net realised gains, being net sale proceeds less costs of acquisition, are included within the profit and loss account within investment income. Net realised losses are included within investment expenses and charges

(ii) Unrealised gains and losses

Net unrealised gains or losses are shown separately in the profit and loss account. Unrealised gains and losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or, in the case of investments purchased in the year, the cost of acquisition. The movement in unrealised gains and losses recognised in the year also includes the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period

PA (GI) Limited

Profit and loss account for the year ended 31 December 2009

Technical account - general business

	Notes	2009 £m	2008 £m
Claims incurred, net of reinsurance			
Claims paid			
Gross amount	3	(8.5)	(7.7)
Reinsurers' share	3	8.5	7.7
		-	-
Change in the provision for claims			
Gross amount	3	11.4	39.2
Reinsurers' share	3	(11.4)	(39.2)
		-	-
Net claims incurred		-	-
Balance on the technical account – general business		-	-

All figures relate to discontinued operations for business written in prior years

The notes on pages 13 to 17 form part of these financial statements

PA (GI) Limited

Profit and loss account (continued) for the year ended 31 December 2009

Non-technical account

	Notes	2009 £m	2008 £m
Balance on the general business technical account		-	-
Investment income	5	0.3	0.4
Unrealised (losses)/gains on investments	5	(0.7)	1.4
(Loss)/Profit on ordinary activities before taxation		(0.4)	1.8
Taxation on profit on ordinary activities	6	0.1	(0.5)
(Loss)/Profit on ordinary activities after taxation		(0.3)	1.3

The amounts representing the balances on the general business technical account relate to discontinued operations

There have been no recognised gains or losses in either reporting year other than those reported in the profit and loss account, and accordingly a statement of total recognised gains and losses has not been presented

Movements in shareholders' funds for the year ended 31 December 2009

	Share Capital £m	Capital Contribution £m	Profit & loss account £m	Total 2009 £m	Total 2008 £m
Shareholders' funds at 1 January	3.0	2.0	4.9	9.9	6.6
(Loss)/Profit for the year	-	-	(0.3)	(0.3)	1.3
Capital Contribution (note 10)	-	-	-	-	2.0
Shareholders' funds at 31 December	3.0	2.0	4.6	9.6	9.9

The profit and loss account includes £4.6m (2008 £4.9m) which is distributable

The notes on pages 13 to 17 form part of these financial statements

PA (GI) Limited

Balance sheet at 31 December 2009

	Notes	2009 £m	2008 £m
Assets			
Investments			
Other financial investments	7	10.0	10.5
Reinsurers' share of technical provisions			
Claims outstanding	8	209.3	232.6
Other assets			
Cash at bank and in hand		0.6	0.6
Total assets		219.9	243.7
Liabilities			
Capital and reserves			
Share capital	9	3.0	3.0
Capital contribution	10	2.0	2.0
Profit and loss account		4.6	4.9
Shareholders' funds – equity interests		9.6	9.9
Technical provisions			
Claims outstanding	8	209.3	232.6
Creditors			
Other creditors including taxation and social security		1.0	1.2
Total liabilities		219.9	243.7

The notes on pages 13 to 17 form part of these financial statements

The financial statements were approved by the directors on 26 March 2010 and were signed on their behalf by



J S B Smith
Director
26 March 2010

Notes on the financial statements

1. Reinsurance

The insurance business of the Company is wholly reinsured to Royal & Sun Alliance Insurance plc ("RSA") who also administer the business on its behalf. In the normal course of business, RSA engage third parties to provide actuarial services which inform the setting of gross claims outstanding at the balance sheet date.

In view of the reinsurance with RSA, movements in claims outstanding would only affect the result for the year or net assets if RSA ceased to pay claims.

The rating agencies presently give a stable outlook for the Company's major reinsurer along with credit ratings of AM Best A, Standard and Poor A, and Moody's A2.

2. Uncertainties of provisions and estimation techniques

The uncertainty in the financial statements principally arises in respect of the long tail insurance liabilities of the Company. The technical provisions include provisions for claims reported and claims incurred but not reported.

In addition to the inherent uncertainty of having to make provision for future events, there is also considerable uncertainty with regard to the eventual outcome of the claims that have occurred by the balance sheet date but remain unsettled. This includes claims that may have occurred but have not yet been notified to the Company and those that are not yet apparent to the insured.

As a consequence of this uncertainty, sophisticated estimation techniques need to be applied to determine the appropriate provisions.

The Company's general business technical provisions are calculated primarily by independent actuarial specialists with the balance calculated by adequately qualified personnel, employed by RSA.

Where possible multiple techniques are adopted to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The estimates of losses and loss expenses are reached after a review of several commonly accepted actuarial projection methodologies and a number of different bases to determine these provisions. These include methods based upon the following:

- the development of previously settled claims, where payments to date are extrapolated for each prior year,
- estimates based upon a projection of claims numbers and average cost,
- notified claims development, where notified claims to date for each year are extrapolated based upon observed development of earlier years, and
- expected loss ratios.

The process is designed to select the most appropriate best estimate. However the estimation of the provisions for the ultimate cost of claims for asbestos-related liability and environmental pollution is subject to a range of uncertainties that is generally greater than those encountered for other classes of insurance business. As a result it is not possible to determine the future development of asbestos-related and environmental claims with the same degree of reliability as with other types of claims. Consequently, traditional techniques for estimating claims provisions cannot wholly be relied upon and RSA employs specialised techniques to determine provisions using the extensive knowledge of both internal experts and external legal and professional advisors.

Factors contributing to this higher degree of uncertainty include:

- the long delay in reporting claims from the date of exposure (for example, cases of mesothelioma can have a latent period of up to 40 years). This makes estimating the ultimate number of claims we will receive particularly difficult,
- issues of allocation of responsibility among potentially responsible parties and insurers,
- emerging court decisions and the possibility of retrospective legislative changes increasing or decreasing insurer liability,
- the tendency for social trends and factors to influence court awards, and
- for US liabilities within the London market business, developments in the tactics of US plaintiff lawyers and court decisions and awards.

PA (GI) Limited

Notes on the financial statements (continued)

3. Segmental information

The Company has ceased to write new business and has received no premiums during the year (2008 £nil)

The Company manages its affairs by line of business irrespective of where the business was written or the domicile of the policyholder. In addition, as noted above, all business is wholly reinsured to RSA. As such, no geographical segmental information is given

2009

	Marine aviation & transport £m	Misc & pecuniary loss £m	Total £m
Gross claims incurred	3.4	(6.3)	(2.9)
Gross technical result	3.4	(6.3)	(2.9)
Reinsurance balance	(3.4)	6.3	2.9
Net technical result	-	-	-

2008

	Marine aviation & transport £m	Misc & pecuniary loss £m	Total £m
Gross claims incurred	(18.9)	(12.6)	(31.5)
Gross technical result	(18.9)	(12.6)	(31.5)
Reinsurance balance	18.9	12.6	31.5
Net technical result	-	-	-

4. Net operating expenses

(a) In 2009, nearly all administration expenses were borne by another group company

(b) Auditors Remuneration

The remuneration receivable by the Company's auditors for auditing these accounts amounted to **£4,126** (2008 £2,500) and for auditing other regulatory returns amounted to **£16,505** (2008 £10,000)

(c) Directors emoluments

The emoluments of Messrs M J Merrick, J S Moss and J S B Smith are disclosed in the financial statements of Pearl Group Holdings (No 2) Limited ("PGH2"), formerly Pearl Group Limited

The aggregate emoluments of the remaining Directors of the Company were **£864,496** (2008 £691,825)

The emoluments of the highest paid Director are disclosed in the financial statements of PGH2

Retirement benefits are accruing for 1 (2008 2) continuing Directors under defined contribution and defined benefit schemes. Annual bonuses are shown in the year in which they are earned

PA (GI) Limited

Notes on the financial statements (continued)

5. Investment return

	Non-technical account	
	2009 £m	2008 £m
Income from other investments	0.3	0.3
Realised gains on the realisation of investments held at fair value through the profit and loss		
Designated upon initial recognition	-	0.1
Total investment income	0.3	0.4
Unrealised (losses)/gains on investments	(0.7)	1.4
Net investment return	(0.4)	1.8

6. Taxation

The charges for taxation in the non-technical account comprise

	Non-technical account	
	2009 £m	2008 £m
Current tax:		
UK corporation tax credit/(charge)	0.1	(0.5)
Total current tax	0.1	(0.5)

UK Corporation tax for the current year in the non-technical account is equal to the standard rate of **28.0%** (2008 28.5%)

7. Investments

7a. Other financial investments

	2009 £m	2008 £m
Shares and other variable yield securities and units in unit trusts	6.1	5.9
Debt securities and other fixed income securities	3.9	4.6
Total other financial investments	10.0	10.5

The historical cost of investments is **£8.9m** (2008 £8.9m)

Listed investments included in the total investments are as follows

	2009 £m	2008 £m
Shares and other variable yield securities and units in unit trusts	6.1	5.9
Debt securities and other fixed income securities	3.9	4.6
	10.0	10.5

PA (GI) Limited

Notes on the financial statements (continued)

8. Claims outstanding

	Gross		Reinsurers' share	
	2009	2008	2009	2008
	£m	£m	£m	£m
At 1 January	(232.6)	(243.9)	232.6	243.9
Change in provision for claims	11.4	39.2	(11.4)	(39.2)
Exchange rate movements	11.9	(27.9)	(11.9)	27.9
At 31 December	(209.3)	(232.6)	209.3	232.6

9. Share capital

	2009	2008
	£m	£m
Allotted, called up and fully paid		
60,000,000 (2008 60,000,000) ordinary shares of 1p each	0.6	0.6
9,600,000 (2008 9,600,000) deferred shares of 25p each	2.4	2.4
	3.0	3.0

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

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

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

10. Capital contribution

On 22 April 2008, the Company's parent company, Pearl Life Holdings Limited injected £2.0m of funds into the Company by capital contribution to support the statutory solvency valuation of the company following a review of the General Insurance business outstanding claims.

11. Contingent liabilities

The company had no contingent liabilities at 31 December 2009 (2008 £nil).

Notes on the financial statements (continued)

12. Related party transactions

The Company has taken advantage of the exemption given by FRS 8 by not disclosing information on related party transactions with entities that are wholly owned members of the Phoenix Group (formerly Pearl Group)

There were no transactions during the year with key management personnel other than the directors emoluments as disclosed in note 4

13. Parent companies

The Company's immediate parent company is Pearl Life Holdings Limited, registered in England and Wales. A copy of that company's financial statements can be obtained from 1 Wythall Green Way, Wythall, Birmingham B47 6WG

Prior to 2 September 2009 the Company's ultimate parent undertaking was Pearl Group Holdings (No 2) Limited. Subsequent to this date, the ultimate parent undertaking became Phoenix Group Holdings (previously named Pearl Group) whose registered office is c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands

A copy of the accounts of Phoenix Group Holdings, which is the parent undertaking of the smallest and largest group to consolidate these financial statements, can be obtained from the Company Secretary, 1st Floor, 32 Commercial Street, St Helier, Jersey, JE2 3RU