

PHOENIX SL DIRECT LIMITED

Company Registration Number: 00586343

STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
for the year ended 31 December 2021



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PHOENIX SL DIRECT LIMITED

Directors Report

The Directors present the directors' report and the financial statements of Phoenix SL Direct Limited ('the Company') for the year ended 31 December 2021.

The Company is incorporated in the United Kingdom as a private limited company which is limited by shares. Its registration number is 00586343 and its registered office is 1 Wythall Green Way, Wythall, Birmingham B47 6WG.

The financial statements of the Company for the year ended 31 December 2021 have been prepared in accordance with UK adopted international accounting standards and the requirements of the Companies Act 2006.

Business review

Principal activities

The principal activity of the Company was that of an investment company. From 1 January 2022, The Company is no longer active. There are no plans to resume any activities in the foreseeable future.

Result and dividends

The results of the Company for the year are shown in the statement of comprehensive income on page 5. The profit before tax was £3,000 (2020: £Nil).

Dividends amount to £7,151,000 were paid during the year (2020: £Nil).

The Company has no employees.

Principal risks and uncertainties

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

The Company is exposed to credit risk, arising from counterparty default in relation to intra-group debts. The Company's exposure to this risk is monitored by the Board which agrees policies for managing the risk on an ongoing basis.

Key Performance Indicators ('KPIs')

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

Going concern

The Directors have followed the UK Financial Reporting Council's "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks" (issued April 2016) when performing their going concern assessment. As 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

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

A Kassimiotis

R B F Seaman

Q J Zentner

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.

The Company has taken advantage of the exemption in section 414 of the Companies Act 2006 relating to small companies not to prepare a Strategic report.

Digitized by

S Watts

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

23 September 2022

PHOENIX SL DIRECT LIMITED

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, Directors' report and the Company financial statements ('the financial statements') in accordance with the 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 the financial 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 Financial Reporting Standards ('IFRS') 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 IFRS 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 IFRS, 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.

PHOENIX SL DIRECT LIMITED

Statement of comprehensive income
for the year ended 31 December 2021

| | Notes | 2021 £000 | 2020 £000 |
|---|-------|--------------|--------------|
| Revenue | | | |
| Net investment income | 3 | 3 | - |
| Total revenue | | <u>3</u> | <u>-</u> |
| Administrative expenses | | - | - |
| Total operating expenses | | <u>-</u> | <u>-</u> |
| Profit before finance costs and tax | | 3 | - |
| Profit for the year before tax | | <u>3</u> | <u>-</u> |
| Tax charge | 5 | (6) | (9) |
| Loss for the year attributable to owners | | <u>(3)</u> | <u>(9)</u> |
| Total comprehensive loss for the year attributable to owners | | <u>(3)</u> | <u>(9)</u> |

All of the above amounts are in respect of discontinued operations.

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Statement of financial position
as at 31 December 2021

| | Notes | 2021 £000 | 2020 £000 |
|--------------------------------------|-------|--------------|--------------|
| Equity attributable to owners | | | |
| Share capital | 6 | - | - |
| Retained earnings | | - | 7,154 |
| Total equity | | <u>-</u> | <u>7,154</u> |
| Current liabilities | | | |
| Other payables | 7 | - | 413 |
| Total current liabilities | | <u>-</u> | <u>413</u> |
| Total equity and liabilities | | <u>-</u> | <u>7,567</u> |
| Current assets | | | |
| Other receivables | 8 | - | 6,000 |
| Cash and cash equivalents | 9 | - | 1,567 |
| Total current assets | | <u>-</u> | <u>7,567</u> |
| Total assets | | <u>-</u> | <u>7,567</u> |

The Company has taken advantage of the exemption in section 414 of the Companies Act 2006 relating to small companies not to prepare a Strategic report.

For the financial year in question, the company was entitled to exemption from audit under section 479A of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

On behalf of the Board

DocuSigned by:

 74F203D58A2E41E...
 R Seaman
 Director

23 September 2022

PHOENIX SL DIRECT LIMITED

Statement of cash flows

for the year ended 31 December 2021

| | Notes | 2021 £000 | 2020 £000 |
|--|-------|----------------|--------------|
| Cash flows from operating activities | | | |
| Cash generated/(absorbed) by operations | 10 | (416) | 9 |
| Tax charge | | - | (9) |
| Net cash flows from operating activities | | <u>(416)</u> | <u>-</u> |
| Cash flows from investing activities | | | |
| Loans repaid by group companies | | 6,000 | - |
| Net cash flows from investing activities | | <u>6,000</u> | <u>-</u> |
| Cash flows from financing activities | | | |
| Dividend payment | | (7,151) | - |
| Net cash flows from financing activities | | <u>(7,151)</u> | <u>-</u> |
| Net increase/ (decrease) in cash and cash equivalents | | 1,567 | - |
| Cash and cash equivalents at the beginning of the year | | 1,567 | 1,567 |
| Cash and cash equivalents at the end of the year | 8 | <u>-</u> | <u>1,567</u> |

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Statement of changes in equity
for the year ended 31 December 2021

| | Share capital (note 6) £000 | Retained earnings £000 | Total £000 |
|---------------------------------------|--------------------------------------|------------------------------|---------------|
| At 1 January 2021 | - | 7,154 | 7,154 |
| Loss for the year | - | (3) | (3) |
| Dividend | - | (7,151) | (7,151) |
| Total comprehensive loss for the year | - | (7,154) | (7,154) |
| At 31 December 2021 | - | - | - |

Of the above £Nil (2020: £7,154,000) of retained earnings are considered distributable.

| | Share capital (note 6) £000 | Retained earnings £000 | Total £000 |
|---------------------------------------|--------------------------------------|------------------------------|---------------|
| At 1 January 2020 | - | 7,163 | 7,163 |
| Loss for the year | - | (9) | (9) |
| Total comprehensive loss for the year | - | (9) | (9) |
| At 31 December 2020 | - | 7,154 | 7,154 |

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

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

Statement of compliance

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

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

The Company has taken advantage of the exemption in section 414 of the Companies Act 2006 relating to small companies not to prepare a Strategic report.

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.

(b) Changes to accounting policies

The accounting policies applied in these financial statements is the same as those applied in the last annual financial statements.

A number of new standards are effective from 1 January 2021 but they do not have a material effect on the Company's financial statements.

(c) Critical accounting estimates and judgements

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The area that the directors consider particularly susceptible to changes in estimates and assumptions is detailed below:

Fair value of financial assets

The accounting policy for fair value of financial assets is discussed in accounting policy (e).

Impairment of financial assets

The impairment provisions for financial assets disclosed in note (e) are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history and existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see note (e).

(d) Income tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts.

(e) Financial assets**Classification of Financial assets**

Financial assets are measured at amortised cost where they have:

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

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

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Financial assets measured at amortised cost are included in Note 8 Other receivables and Note 9 Cash and cash equivalents.

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 as these are always measured at an amount equal to lifetime ECLs. See Note 12 for detail of how the Company assesses whether the credit risk of a financial asset has increased since initial recognition and when estimating ECLs.

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

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

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

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

(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.

(g) Revenue recognition

Net investment income

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

(h) Share capital

Ordinary share capital

The Company has issued ordinary shares which are classified as equity.

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(k) 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 only disclosed.

2. Financial information

The financial statements for the year ended 31 December 2021, set out on pages 5 to 14 were authorised by the Board of Directors for issue on 23 September 2022.

In preparing the financial statements, the Company has continued to adopt the standards, interpretations and amendments as applied in previous years.

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) (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.

3. Net investment income

| | 2021 £000 | 2020 £000 |
|---------------------|--------------|--------------|
| Net Interest income | <u>3</u> | <u>-</u> |
| | <u>3</u> | <u>-</u> |

4. Directors' remuneration

The Directors are employed by another Group Company. The Directors received no remuneration in respect of their services to the Company (2020: £nil).

5. Tax charge

| | 2021 £000 | 2020 £000 |
|---------------------|--------------|--------------|
| Current tax: | | |
| UK Corporation tax | <u>6</u> | <u>9</u> |

Reconciliation of tax charge

| | 2021 £000 | 2020 £000 |
|--------------------------------|--------------|--------------|
| Profit before tax | <u>3</u> | <u>-</u> |
| Tax at standard UK rate of 19% | 1 | - |
| Transfer pricing adjustment | <u>5</u> | <u>9</u> |
| Total tax charge for the year | <u>6</u> | <u>9</u> |

6. Share capital

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

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| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Issued and fully paid equity shares: | | |
| 2 (2019: 2) ordinary shares of £1 each | <u>-</u> | <u>-</u> |

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

7. Other payables

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Amounts owed to Group companies (note 13) | <u>-</u> | <u>413</u> |
| Payable within 12 months | <u>-</u> | <u>413</u> |

Amounts owed to group companies were settled during the year.

8. Other receivables

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Amounts owed by Group Companies (note 13) | <u>-</u> | <u>6,000</u> |

Amounts owed by group companies were settled during the year.

9. Cash and cash equivalents

| | 2021 £000 | 2020 £000 |
|------------------------|--------------|--------------|
| Bank and cash balances | <u>-</u> | <u>1,567</u> |

The carrying amounts of cash and cash equivalents are not materially different from their fair values at the year end.

10. Cash flows***Cash flows from operating activities***

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Loss for the year before tax | (3) | - |
| Changes in operating assets and liabilities | | |
| Decrease in other assets | - | 6 |
| (Decrease)/increase in other liabilities | (413) | 3 |
| Cash generated/(absorbed) by operations | <u>(416)</u> | <u>9</u> |

The cash flow has been prepared using the indirect method.

11. Capital management

The Company's capital comprises share capital and reserves. At 31 December 2021, total capital was £2 (2020: £7,154,000). The movement in capital during the year comprises total comprehensive loss of £3,000 and dividend distribution of £7,151,000.

There are no externally imposed capital requirements on the Company. The Company's capital is monitored by the Board and managed on an on-going basis.

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12. Risk management

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

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 | Lifetime ECL – not credit impaired |
| In default | There is evidence indicating the asset is credit-impaired | Lifetime ECL – credit impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery | Amount is written off |

There were no Company financial assets outstanding at year ended 31 December 2021.

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.

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.

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13. Related party transactions

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

Amounts due to related parties

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Other amounts due to fellow subsidiaries (note 7) | - | 413 |

Amounts due from related parties

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Other amounts due from fellow subsidiaries (note 8) | - | 6,000 |

Parent and ultimate parent entity

Information on the Company's parent and ultimate parent is given in note 15.

Key management compensation

The total compensation payable to employees classified as key management, which comprises the Directors, is disclosed in note 4.

14. Events after the balance sheet date

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

15. Other information

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