

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

31 December 2011

OMFS Central Services Limited

Registered in England No. 01011754

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CONTENTS

Company information	1
Directors' report	2 - 3
Statement of directors' responsibilities in respect of the directors' report and the financial statements	4
Independent auditor's report	5
Income statement	6
Statement of comprehensive income	7
Statement of changes in equity	8
Statement of financial position	9
Statement of cash flows	10
Notes to the financial statements	11 - 20

OMFS Central Services Limited

COMPANY INFORMATION

Directors	R H Coxon M C Murray I Pearce
Secretary	P Forsythe
Auditors	KPMG Audit Plc 15 Canada Square London E14 5GL

Registered office	5th Floor Old Mutual Place 2 Lambeth Hill London EC4V 4GG
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Telephone 020 7002 7000
Website www.oldmutual.com

Registered in England No 01011754

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND DIVIDENDS

The company's immediate parent changed to OMFS (GGP) Limited on 8th May 2012. Prior to this date the Company's immediate parent was Old Mutual UK Holdings Limited.

The company acts as a management service company, providing property and IT related services to fellow group companies and external parties.

Turnover for the year was £16,427,000 (2010 £16,891,000)

The loss for the year, after taxation, amounted to £414,000 (2010 loss £32,000). The directors anticipate that the company will trade satisfactorily for the foreseeable future.

The directors do not recommend the payment of a dividend (2010 nil).

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 to improve the understanding of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the company are considered to arise from its ability to continue to provide property and IT services and the management of employees and all HR related matters.

DIRECTORS

The directors of the company during the year were as follows:

R H Coxon

M C Murray

I Pearce (appointed 19 March 2012)

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

EMPLOYEES

The company considers that its employees are its most valuable resource, without whose commitment it would not achieve its objectives.

The ultimate parent company operates a savings-related share option scheme, which was introduced from 2000, and also grants nil cost options to senior employees of this company by offering them the opportunity to share in the success of the Old Mutual Group. Appropriate performance targets have been set up which must be achieved before options granted under the latter scheme may be exercised. The ultimate parent company also grants restricted share awards to selected senior employees of this company.

The company is committed to providing equal opportunities for all, irrespective of sex, ethnic origin, religious beliefs, disabilities, age or sexual orientation. The Board's aim is to encourage and assist in the employment, training, promotion and personal and career development of disabled people. The company gives proper consideration to applications for employment when they are received from disabled people.

SUPPLIER PAYMENT POLICY

The company's principal suppliers are fellow subsidiary undertakings as disclosed in note 14. An average creditor payment period has therefore not been calculated.

DIRECTORS' REPORT (CONTINUED)

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the directors are each aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that he/she ought to have taken as director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

KPMG Audit Plc have expressed their willingness to continue in office as auditors in accordance with section 487 of the Companies Act 2006 and the company's Articles of Association

By order of the Board

A handwritten signature in black ink, appearing to be 'P Forsythe', written over a horizontal line.

P Forsythe
26 September 2012

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OMFS CENTRAL SERVICES LIMITED**

We have audited the accompanying financial statements of OMFS Central Services Limited for the year ended 31 December 2011 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 4, 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, and express an opinion on, 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, 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



Karen T Orr (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc
Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

27 September 2012

INCOME STATEMENT
for the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Revenue		16,427	16,891
Administrative expenses	4	<u>(16,950)</u>	<u>(16,845)</u>
(LOSS)/PROFIT BEFORE TAX		(523)	46
Taxation	7	109	(78)
LOSS FOR THE YEAR		<u>(414)</u>	<u>(32)</u>
Attributable to equity holders		<u>(414)</u>	<u>(32)</u>

All the above amounts in the current and prior year derive from continuing activities

The notes on pages 11 to 20 are an integral part of these financial statements

OMFS Central Services Limited

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2011

	2011 £'000	2010 £'000
LOSS FOR THE YEAR	<u>(414)</u>	<u>(32)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		
All attributable to equity holders	<u>(414)</u>	<u>(32)</u>

The notes on pages 11 to 20 are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2011

	Share capital £'000	Share- based payment reserve £'000	Retained losses £'000	Total equity holders' funds £'000
Balance at 1 January 2010	-	185	(4,736)	(4,551)
Loss for the year	-	-	(32)	(32)
Share-based payments	-	(9)	-	(9)
Balance at 1 January 2011	-	176	(4,768)	(4,592)
Loss for the year	-	-	(414)	(414)
Share-based payments	-	14	-	14
Balance at 31 December 2011	-	190	(5,182)	(4,992)

The notes on pages 11 to 20 are an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION
at 31 December 2011

	Notes	2011 £'000	2010 £'000
ASSETS			
Other receivables	8	<u>1,805</u>	<u>1,875</u>
Total assets		<u>1,805</u>	<u>1,875</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	9	-	-
Share-based payment reserve	13	190	176
Retained losses		<u>(5,182)</u>	<u>(4,768)</u>
Total equity attributable to equity holders		<u>(4,992)</u>	<u>(4,592)</u>
LIABILITIES			
Other payables	10	<u>6,797</u>	<u>6,467</u>
Total liabilities		<u>6,797</u>	<u>6,467</u>
Total equity and liabilities		<u>1,805</u>	<u>1,875</u>

The notes on pages 11 to 20 are an integral part of these financial statements

Approved by the Board of Directors on 26 September 2012 and signed on its behalf by



M C Murray
Director



R H Coxon
Director

Company registered number 01011754

STATEMENT OF CASH FLOWS
for the year ended 31 December 2011

	2011 £'000	2010 £'000 (restated)
OPERATING ACTIVITIES		
Cash received for management fees	17,021	16,889
Net cash paid to suppliers	(17,785)	(15,216)
Tax and group relief paid	-	(78)
Net cash (used in)/from operating activities	(764)	1,595
INVESTING ACTIVITIES		
Net cash received/(paid) for short-term funding arrangements	764	(1,595)
Net cash from/(used in) investing activities	764	(1,595)
Cash and cash equivalents at beginning of the year	-	-
Cash and cash equivalents at end of the year	-	-

The Statement of Cash Flows has been restated so that the format is consistent with other Group Companies. The restatement has no impact on reported profit or net assets.

The notes on pages 11 to 20 are an integral part of these financial statements.

The company has no bank account and all receipts and payments are made by Skandia Life Business Services Limited, a fellow group undertaking.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

1 GENERAL INFORMATION

OMFS Central Services Limited ('the company') is a limited company incorporated in England & Wales. The address of its registered office is disclosed in the company information section on page 1. The principal activities of the company are disclosed in the directors' report.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared and approved by the directors in accordance with the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments, have been prepared in sterling and are rounded into thousands.

The financial statements have been prepared on the going concern basis, notwithstanding net equity of (£4,992,000) which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by OMFS (GGP) Limited, the company's immediate parent undertaking. OMFS (GGP) Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Standards, amendments to standards, and interpretations adopted in these annual financial statements

During the year, changes to the following standards, amendments to standards, and interpretations have been adopted in these financial statements, but are either not relevant or not applicable for the company in the current or prior period.

- IAS 24 'Related Party Disclosures' (Amendment). The amended standard is effective for annual periods beginning on or after 1 January 2011.
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (effective 1 July 2010).
- IFRIC 14 'Prepayments of a minimum funding requirement'. The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application.

Standards and interpretations that have previously been early-adopted in these annual financial statements

The following standards and interpretations have been previously early-adopted in the company's financial statements.

- IFRS 2 'Share-based payment' (amendments effective 1 January 2010). The company early-adopted the amendments to IFRS 2 'Share-based Payment', 'Group Cash-settled Share-based Payment Transactions' issued in June 2009. These amendments introduce guidance on the treatment of Group cash-settled share-based payment arrangements and consolidate the previous requirements set out in IFRIC 8, 'Scope of IFRS 2' and IFRIC 11 'IFRS 2 – Group and Treasury Share Transactions'. The standard has been adopted but the company has no cash-settled share-based payment arrangements.

Changes to the following standards and interpretations have previously been early adopted in these financial statements, but are either not relevant or not applicable for the company.

- IFRS 3 'Business Combinations' (revised 2008) and IAS 27 'Consolidated and Separate Financial Statements' (revised 2008) (effective 1 July 2009).
- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' (consequential amendment effective 1 July 2009).
- IAS 32 'Financial Instruments: Presentation' (amendment in respect of accounting for rights issues, effective 1 February 2010).
- IAS 28 'Investments in Associates' and IAS 31 'Interests in Joint Ventures' (consequential amendments effective 1 July 2009 arising from the changes to IFRS 3 and IAS 27).
- IAS 39 'Financial Instruments: Recognition and Measurement' (effective 1 July 2009).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Future standards, amendments to standards, and interpretations not early-adopted in these annual financial statements

At the date of authorisation of these financial statements the following standards, amendments to standards, and interpretations, which are relevant to the company, have been issued by the International Accounting Standards Board, although the EU has not yet endorsed all of them

- IFRS 9 'Financial Instruments' (effective 1 January 2013) is a new standard on financial instruments that will eventually replace IAS 39. The published standard introduces changes to the current IAS 39 rules for classification and measurement of financial assets. Under IFRS 9 there will be two measurement bases for financial assets, amortised cost and fair value. Financial assets at fair value will be recorded at fair value through the income statement with a limited opportunity to record changes in fair value of certain equity instruments through other comprehensive income. Financial liabilities are excluded from the scope of the standard. The company is currently assessing the full impacts of the standard on its financial statements. The standard has not been endorsed by the European Union.
- IFRS 7 'Disclosures – Transfers of Financial Assets' (Amendments to IFRS 7) was issued in October 2010. The amendments to IFRS 7 Financial Instruments Disclosures require enhancements to the existing disclosures where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale. These amendments are effective for annual periods beginning on or after 1 July 2011. Early application of the amendments is permitted. The company is currently assessing the full impacts of these disclosure requirements on its financial statements. The standard has not yet been endorsed by the European Union.
- IFRS 11 'Joint Arrangements' (effective 1 January 2013), IFRS 12 'Disclosures of interests in other entities' (effective 1 January 2013). These standards relate to how the group will account for its interests in subsidiaries, joint ventures and associates, together with new disclosures regarding these investments. The Old Mutual plc group is currently assessing the full impacts of these standards. These standards have not yet been endorsed by the European Union.
- IFRS 13 'Fair Value Measurement' (effective 1 January 2013) is a new standard providing principles on the determination of fair value. The company is currently assessing the full impact of this standard. The standard has not yet been endorsed by the European Union.

During the year, the following standards, amendments to standards, and interpretations have been issued by the International Accounting Standards Board, although the EU has not yet endorsed all of them, and are expected to be either not relevant or not applicable for the company

- Amendment to IAS 12 'Deferred Tax – Recovery of Underlying Assets' (effective 1 January 2012)
- Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income' (effective 1 July 2012)
- Amendments to IAS 19 'Defined Benefit Plans' (effective 1 January 2013)
- IFRS 10 'Consolidated Financial Statements' (effective 1 January 2013)

Other receivables

Other receivables are stated at their amortised cost using the effective interest rate method, except where the receivables are not interest bearing when they are stated at the recoverable amount.

Other payables

Other payables are stated at their amortised cost using the effective interest rate method, except where the payables are not interest bearing when they are stated at the recoverable amount.

Revenue recognition

Turnover comprises rental income and service recharges, which are recognised in the income statement on an accruals basis, net of value added tax.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense recognition

All expenses are recognised in the income statement as a cost when incurred

Pensions and other post-retirement benefits

The company has contributed to defined contribution schemes in respect of the majority of its employees. The pension costs for these funds are charged directly to the income statement in the accounting period in which they are incurred. The defined contribution schemes have assets which are held separately from those of the companies involved, and are independently administered. The company has also contributed to defined benefit schemes for certain employees of the company and certain former employees of OMFS (APS) Limited, OMFS Company 1 Limited and OMFS Company 9 Limited. For the defined benefit schemes actuarial valuations are undertaken on a regular basis. Note 5 provides further information in relation to the defined benefit arrangements.

Taxation

The taxation charge is based on the taxable result for the year. The taxable result for the year is determined in accordance with the rules established by the taxation authorities for calculating the amount of corporation tax payable.

Deferred taxes are calculated according to the statement of financial position method, based on temporary timing differences between reported and tax values of assets and liabilities. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax liabilities are not discounted.

Deferred tax assets are recognised for all temporary timing differences to the extent that it is probable that taxable profit will be available against which the deductible temporary timing difference can be utilised.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Share-based payments

The services rendered in an equity-settled transaction with employees are measured at the fair value of the equity instruments granted. The fair value of those equity instruments is measured at the grant date.

If the equity instruments granted vest immediately and the employee is not required to complete a specified period of service before becoming unconditionally entitled to those instruments, the services received are recognised in full on the grant date in the income statement for the period, with a corresponding increase in equity.

Where the equity instruments do not vest until the employee has completed a specified period of service, it is assumed that the services rendered by the employee, as consideration for those equity instruments, will be received in the future, during the vesting period. These services are accounted for in the income statement as they are rendered during the vesting period, with a corresponding increase in equity.

The equity instruments granted by the company are measured at fair value at measurement date using standard option pricing valuation models. The valuation technique is consistent with generally acceptable valuation methodologies for pricing financial instruments and incorporates all factors and assumptions that knowledgeable, willing market participants would consider in setting the price of the equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

3 FINANCIAL INSTRUMENTS RISK

Risk management framework

The company has adopted the enterprise risk management framework of the Old Mutual Wealth Management sub-group

The enterprise risk management framework for the company is articulated by reference to four key areas

- Culture, leadership and setting the right tone,
- Risk identification and the management cycle,
- Defining risk strategy and appetite, and
- The demonstration of our effective risk management by outcomes evidenced through reports and analysis

Culture, leadership and tone comprises the following components

- Appropriate board and committee structures with defined terms of reference,
- Defined delegated authority limits and decision matrices,
- Strategic and operational plans, and
- The suite of policies which set out the limits of exposure in respect of each risk area.

The risk identification and management cycle is the process by which the company identifies and evaluates risk, plans and implements strategic initiatives, controls exposures and monitors outcomes

Risk strategy and appetite are described below

Demonstration of the effectiveness of risk management is evidenced through

- Analysis of progress against plans using key performance indicators and key risk indicators,
- Monitoring of compliance against policies including breach and incident reporting, and
- Regular reports on risks and issues

Risk strategy and appetite

Risk strategy is set by the Old Mutual group and the group risk strategy is used to define the risk strategy for the Old Mutual Wealth Management sub-group. This risk strategy has been adopted by the company.

The aims of the risk strategy are

- To clearly articulate the risks which the business should actively seek (where there are opportunities to improve the balance of risk and return by taking on more risk) and the risks which the group should avoid (where risks threaten the balance of risk and return),
- To identify opportunities to diversify the risk profile, and hence reduce risk concentrations,
- To drive / influence the business strategy,
- To support the embedding of the risk appetite and limits framework, including the setting of limits and the identification of actions to manage risk exposures where limit breaches occur,
- To support understanding of the implications of different business decisions on risk exposures and value creation, and
- To support the reporting of operational losses, and actions to reduce operational losses

The material risks faced by the company are described below

Credit risk

Credit risk is the risk that the company is exposed to a loss if another party fails to meet its financial obligations to that business unit, including failing to meet them in a timely manner

The Old Mutual group has established a credit risk policy which sets out restrictions on the permitted financial transactions with counterparties to control and monitor the level of credit risk to which the company is exposed

The company's maximum exposure to credit risk does not differ from the carrying value disclosed in the relevant notes to the accounts

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

Credit risk primarily arises from other receivables, which are all current. The principal amounts receivable on these balances are materially the same as fair value and as such credit risk has not had a significant impact on the valuation of these balances.

The company has no significant concentration of credit risk.

Market risk

Market risk is defined as the risk that a change in the value of or income from any asset is not matched by an equal change in the value of the related liability. Market risk arises from fluctuations in variables such as equity prices, property prices, interest rates and foreign exchange rates, where assets and liabilities are not precisely matched. The company is not subject to material market risk.

Liquidity risk

Liquidity risk is the risk that a company does not have available sufficient financial resources to enable it to meet its obligations as they fall due or can secure them only at excessive cost.

The company is exposed to minimal liquidity risk as it is financed via intergroup loans. There are no external borrowings.

Risk and capital management

The Old Mutual group capital management policy sets out the key considerations and restrictions with regard to the amount of capital that is retained by each entity within the group.

Historically OMFS Central Services Limited has required a modest capital base. This is because for the majority of the business, the company has limited risk by virtue of the fact that costs incurred are recharged to fellow subsidiaries either on a cost or cost plus basis.

In the event of the company incurring losses resulting in erosion of its capital base or requiring funding for assets that it will not be able to immediately recover from other group entities in the form of management charges, it is supported financially by its immediate parent OMFS (GGP) Limited in the form of loans.

4 ADMINISTRATIVE EXPENSES

	2011 £'000	2010 £'000
Administrative expenses	<u>16,950</u>	<u>16,845</u>
Administrative expenses include		
Auditor's remuneration – audit services paid to KPMG Audit Plc	<u>5</u>	<u>5</u>

Auditor's remuneration for audit services consists of fees in respect of the statutory audit.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

5 EMPLOYEE BENEFITS

	2011 £'000	2010 £'000
The following costs are included within administrative expenses		
Wages and salaries	2,123	2,416
Share-based payments (note 13)	14	(9)
Social security costs	216	176
Other pension costs	98	187
	<u>2,451</u>	<u>2,770</u>
	2011	2010
The average number of employees was as follows		
Information technology	13	18
Facilities and hospitality	19	19
	<u>32</u>	<u>37</u>

All employees were involved in the administration of the group's activities in the current and prior year

The above costs are included within administrative expenses

The employees of OMFS Central Services Limited are members of a number of different pension schemes operated across the Old Mutual group in the UK. These schemes have been designed and administered in accordance with UK practices and include both defined contribution and defined benefit schemes. The assets of these schemes are held in separate trustee administered funds. Not all employees are members of a pension scheme.

The pension costs shown above are the company's contributions into defined contribution pension plans.

There is no liability for the defined benefit pension schemes within the company and the schemes are funded by and accounted for in other group entities.

The details of pension schemes, including the costs borne by Group and the latest actuarial valuations, are disclosed in the accounts of Old Mutual plc.

6 REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity and as such, only directors are considered to meet this definition.

The company's directors are remunerated by a subsidiary services undertaking of the ultimate parent company, Old Mutual Business Services Limited. Remuneration of directors is apportioned on a time basis across those entities where measurable activity occurs. Accordingly no remuneration is shown in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

7 TAXATION

	2011 £'000	2010 £'000
Current year corporation tax (credit)/charge	(85)	78
Prior year corporation tax (credit)/charge	(24)	-
Tax (credit)/charge for the year	<u>(109)</u>	<u>78</u>

The total tax (credit)/charge for the year can be reconciled to the accounting profit as follows

Pre-tax (loss)/profit	(523)	46
Tax on (loss)/profit at the applicable tax rate, 26.5% (2010: 28%)	(139)	13
Effect of		
Depreciation for period in excess of capital allowances	50	74
Decrease in unprovided deferred tax	4	(9)
Prior year corporation tax credit	(24)	-
	<u>(109)</u>	<u>78</u>

A deferred tax asset of £740,653 (2010: £817,000) in respect of accelerated depreciation and other timing differences has not been recognised because the company is likely to continue disclaiming capital allowances due to the overall group tax profile.

8 OTHER RECEIVABLES

	2011 £'000	2010 £'000
At amortised cost		
Due from group undertakings (see note 14)	795	643
Prepayments and accrued income	132	147
Other	878	1,085
	<u>1,805</u>	<u>1,875</u>

All amounts are current, short term and interest free, with the carrying amounts approximating to fair value.

9 SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised		
100 (2010: 100) ordinary shares of £1 each	<u>-</u>	<u>-</u>
Allotted, called up and fully paid		
100 (2010: 100) ordinary shares of £1 each	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

10 OTHER PAYABLES

	2011 £'000	2010 £'000
At amortised cost		
Due to group undertakings (see note 14)	6,209	5,927
Accruals	565	511
Other taxes and social security costs	23	-
Other	-	29
	<u>6,797</u>	<u>6,467</u>

All amounts are current, short term and interest free, with the carrying amounts approximating to fair value

11 FINANCIAL AND CAPITAL COMMITMENTS

There are no material financial and capital commitments at 31 December 2011 (2010 £nil)

12 CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2011 (2010 £nil)

13 SHARE BASED PAYMENTS

The recognition and measurement principles in IFRS 2 have only been applied to equity settled share arrangements granted post November 2002 in accordance with the transitional provisions in IFRS 2. Any options forfeited, exercised or lapsed prior to the IFRS 2 implementation date of 1 January 2005 have not been included in the IFRS 2 valuation.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of fair value of share options granted is measured using a Black-Scholes option pricing model.

Share options are granted under a service and non-market based performance conditions. Such conditions are not taken into account in the grant date fair value measurement of the share options granted. There are no market conditions associated with the share option grants.

The grant date for the UK Share Option and Deferred Delivery plan annual awards is deemed to be 1 January in the year prior to the date of issue. As such the company is required to estimate, at the reporting date, the number and fair value of the options that will be granted in the following year.

The purpose of the UK Restricted Share Plan (which is now closed to new awards) was (i) to assist in the recruitment of key individuals by making awards of shares, restricted for three or more years, which lapse on prior termination of employment unless special circumstances apply, and (ii) to support retention of key talent by (a) contingent share awards that form the deferred element of an annual incentive award, based on performance evaluation or the prior year, and (b) bonus matching awards. Shares held under award cannot be sold, transferred, pledged, assigned, or otherwise disposed of prior to vesting, except on death, and the awards would lapse on any attempt to do so.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

13 SHARE BASED PAYMENTS (continued)

Old Mutual share based payment schemes

During the year ended 31 December 2011, the company had the following share-based payment arrangements

Scheme	Description of award				Contractual life Years	Vesting conditions	
	Restricted shares	Options	Dividend entitlement	Other		Service (years)	Performance (measure)
UK Sharesave Scheme	-	✓	-	✓‡	3½ - 5½	3 & 5	-
UK Share Option and Deferred Delivery Plan	-	✓	✓	-	6	3	Target growth in EPS
UK Restricted Share Plan	✓	-	✓	-	3 - 5	3 & 5	-
Old Mutual plc Share Reward Plan - Share Options	-	✓	-	-	Up to 10 years	3	-
Old Mutual plc Share Reward Plan - Restricted Shares	✓	-	✓	-	Not less than 3 years	-	-
Old Mutual plc Performance Share Plan - Share Options	-	✓	-	-	Up to 10 years	3	-
Old Mutual plc Performance Share Plan - Restricted Shares	✓	-	✓	-	Not less than 3 years	Not less than 3 years	Variable
Old Mutual plc 2008 Sharesave Plan	-	✓	-	✓‡	3½ - 5½	3 & 5	-

‡ Scheme is linked to a savings plan

Options over shares in Old Mutual plc

	Number of options 2011	Weighted average exercise price 2011	Number of options 2010	Weighted average exercise price 2010
Outstanding at 1 January	24,566	£1 24	335,340	£0 54
Forfeited during the year	-	-	(26,925)	£1 63
Exercised during the year	(8,794)	£1 27	(10,535)	0 95
Expired during the year	(15,772)	£1 23	-	-
Other transfers during the year	-	-	(273,314)	£0 36
Outstanding at 31 December	-	-	24,566	£1 24
Exercisable at 31 December	-	-	8,794	£1 27

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2011

13 SHARE BASED PAYMENTS (continued)

Restricted shares

	Year	Number granted	Weighted average exercise price
UK Share Reward Plan	2011	11,058	£1.45
Restricted Shares	2010	8,867	£1.22

No options were granted by the company in 2010 or 2011

14 RELATED PARTY TRANSACTIONS

The following transactions were entered into with related parties during the period

	2011 £'000	2010 £'000
Rent paid to a fellow subsidiary undertaking	9,558	9,660
Fellow subsidiaries - management services	<u>87</u>	<u>142</u>

Management services in the current year are provided by Skandia Life Business Services Limited, a fellow group undertaking. Skandia Life Business Services Limited charges a management fee for costs incurred and services provided. This management fee is charged at a mark up.

Amounts due from or to undertakings at the reporting date are included in notes 8 and 10 respectively.

15 ULTIMATE PARENT COMPANY

The company's immediate parent changed to OMFS (GGP) Limited on 8th May 2012. Prior to this date the Company's immediate parent was Old Mutual UK Holdings Limited, a company registered in England & Wales.

The company's financial statements are consolidated within the financial statements of Old Mutual plc, the ultimate parent company and controlling party, registered in England & Wales. The financial statements are available from

The Company Secretary
Old Mutual plc
5th Floor
Old Mutual Place
2 Lambeth Hill
London
EC4V 4GG