Registered number: 01796126

Prudential Unit Trusts Limited

Annual Report and Financial Statements
For the year ended 31 December 2018

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Prudential Unit Trusts Limited

Company Information

Directors	G W Macdowall (resigned 4 January 2019) L J Mumford L R Tustain (appointed 13 February 2019)
Company Secretary	M&G Management Services Limited
Registered number	01796126
Registered office	Laurence Pountney Hill London EC4R 0HH
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL

Prudential Unit Trusts Limited

Contents

Strategic Report
For the year ended 31 December 2018

Business review

The principal activity of the Company up until October 2014 was that of Authorised Corporate Director of Prudential Open Ended Investment Companies. In October 2014, the Company transferred the responsibility for management of these funds to Capita plc.

The Company is authorised and regulated by the Financial Conduct Authority ('FCA'). During the year, the Company applied for its regulatory authorisation to be cancelled. The Company's continuing activity is limited to receiving interest on cash balances retained on the Balance Sheet following the transfer of business to Capita plc, and the residual administrational costs associated.

The Company had a profit before tax of £2,000 (2017: £1,000). Further details of the results for the year are set out in the Profit and Loss Account and Other Comprehensive Income on page 9.

The Company is an indirect subsidiary of M&G Group Limited. The Company, along with the fellow direct and indirect subsidiaries of M&G Group Limited, form the M&G Group.

European Referendum

Following the referendum result of 2016, M&G has taken a number of steps to minimise disruption to our clients, protect their interests and provide certainty and clarity where we can, regardless of the outcome of the Brexit negotiations.

While the final Brexit outcome remains uncertain, we have implemented our Brexit plan formed in 2016, which included the establishment of a Luxembourg based super management company and MiFID distribution firm. Both are now fully licensed and operational; managing and distributing M&G EU domiciled funds, products and services.

The plan has been put in place at the M&G Group level. There are no additional impacts expected on this Company.

Cliff Edge, No Deal Brexit Contingency Planning

We have completed an evaluation of the various scenarios that could result from a cliff edge Brexit and have determined the absolute worst-case scenario for the asset management industry is one where there is no withdrawal agreement, no transition period and neither the Memorandums of Understanding (for funds) or the ESMA certification of equivalence (for MiFID activities) that enable the delegation of regulated portfolio management activities outside of the EU are in place at the point of Brexit.

A contingency plan has been developed, although implementation remains highly unlikely following commitments made by the FCA, the European Securities and Markets Authorities ('ESMA') and the National Competent Authorities ('NCAs') who have committed to put in place the Memorandums of Understanding that will enable the EU domiciled funds to continue delegating portfolio management activities to the UK.

For our clients with segregated mandates who are subject to MiFID regulation, the NCAs in the countries in which the majority of our clients are domiciled have confirmed temporary arrangements which will enable the continuation of portfolio management delegation until the end of 2020, with the exception of France. In the event that the French NCAs do not confirm a similar temporary arrangement as the other NCAs we will implement our contingency plan to ensure there is no disruption to the clients.

We continue to monitor political and regulatory developments, and to adjust or activate contingency plans, where necessary.

Principal risks and uncertainties

Overview

Principal risks and uncertainties are managed by the M&G Group at a global level.

The M&G Group is exposed to a number of risks. Some are inherent in running an investment management business and are not unique; others are unique and result from business strategy and structure.

The specific risks and uncertainties relevant to the Company may be categorised as follows:.

Operational risk

Operational risk is the risk of loss or unintended gain arising from inadequate or failed internal processes and systems, from failure by personnel or from external events. The M&G Group aims to manage all aspects of operational risk in a way that meets or surpasses the reasonable expectations of its clients, shareholders and Regulators. The Company has a robust risk management framework, established risk governance arrangements and effective risk management processes to ensure appropriate challenge and oversight of operational risk exposures and continued effectiveness of controls in the context of risk appetite

Financial risk

Financial risk is the risk that the Company is unable to maintain adequate capital and liquidity to meet its clients' and stakeholders' requirements under normal and stressed conditions. Financial risk encompasses credit and liquidity.

Credit risk is the exposure to loss arising from counterparty's failure to meet its contractual obligations, either as a result of business failure or intentional withholding of amounts due. In order to help ensure the profitability and solvency of the Company, the Company provides ongoing monitoring of key credit risk exposures on its balance sheet and actively manages these exposures via established governance forums.

Liquidity risk is the risk that the Company, although solvent, does not have available financial resources to enable it to meet its obligations as they fall due, or that the Company can secure such resources only at excessive cost. The Company expects to hold sufficient liquidity to ensure the continuity of its business under normal and stressed conditions.

In accordance with the Capital Requirements Directive, the Pillar 3 disclosures for the M&G Group, along with the M&G Group's compliance with the provisions of the FCA's Remuneration Code, are published on the internet at:

http://docs.mandg.com/docs/Corporate/Pillar-3-Disclosures.pdf

Financial key performance indicator

Net assets

Net assets remain comparable at £5,577,000 at 31 December 2018 (2017: £5,575,000).

Strategic Report (continued)
For the year ended 31 December 2018

This report was approved by the board and signed on its behalf.

T. Nelson

M&G Management Services Limited
Secretary

Date: 27 March 2019

Directors' Report
For the year ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Dividends paid

Dividends paid in the year amount to £nil (2017 - £nil).

Results and dividends

The profit for the year, after taxation, amounted to £2,000 (2017: £1,000)

The directors do not recommend the payment of a further dividend.

Directors

The directors who served during the year were:

G W Macdowall (resigned 4 January 2019)
L J Mumford

Political contributions

The Company made no political contributions during the year (2017: £nil).

Employee involvement

All staff were employed during the year by the immediate parent company. Employment policies are described in the annual report and financial statements of that company.

Qualifying third party indemnity provisions

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were accordingly in force during the course of the financial year ended 31 December 2018 for the benefit of the then directors and, at the date of this report, are in force for the benefit of the directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, power or office.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue their operations for a period of at least 12 months from the date that the financial statements are approved. In support of this expectation the directors are unaware of any factors likely to affect the Company in the foreseeable future, including consideration of the changes in response to Brexit noted in the Strategic Report. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

T. Nelson

M&G Management Services Limited
Secretary

Date: 27 March 2019

Opinion

We have audited the financial statements of Prudential Unit Trusts Limited ("the Company") for the year ended 31 December 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardized firm-wide approach in response to that uncertainty when the Parent Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic Report and Directors' report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Prudential Unit Trusts Limited

The purpose of our audit work and to whom we owe our responsibilities

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

Ravi Lamba (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL
Date: 28 March 2019

Profit and Loss Account and Other Comprehensive Income
For the year ended 31 December 2018

	Note	2018 £000	2017 £000
Administrative expenses		-	(1)
Operating loss	2	-	(1)
Interest receivable and similar income	5	2	2
Profit before tax		2	1
Profit for the year		2	1
Total comprehensive income for the year		2	1

The notes on pages 12 to 20 form part of these financial statements.

Prudential Unit Trusts Limited
Registered number:01796126

Balance Sheet
As at 31 December 2018

	Note		2018 £000		2017 £000
Current assets					
Debtors: amounts falling due within one year	7	**4,524**		78	
Cash at bank and in hand	8	**1,053**		5,497	
		5,577		5,575	
Net assets			**5,577**		5,575
Capital and reserves					
Called up share capital	9		**5,000**		5,000
Profit and loss account			**577**		575
			5,577		5,575

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

L J Mumford
Director

L R Tustain
Director

Date: 27 March 2019

The notes on pages 12 to 20 form part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2018	5,000	575	5,575
Profit for the year	-	2	2
At 31 December 2018	5,000	577	5,577

Statement of Changes in Equity
For the year ended 31 December 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2017	5,000	574	5,574
Profit for the year	-	1	1
At 31 December 2017	5,000	575	5,575

The notes on pages 12 to 20 form part of these financial statements.

Notes to the Financial Statements
For the year ended 31 December 2018

1. Accounting policies

1.1 Basis of preparation of financial statements

Prudential Unit Trusts Limited (the "Company") is a company incorporated and domiciled in the UK.

The financial statements have been prepared on the historical cost basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 can require the use of certain critical accounting estimates, however, the Directors do not consider there to be any critical accounting estimates or judgements in the preparation of the Company's financial statements.

1. Accounting policies (continued)

1.2 Financial reporting standard 101 - reduced disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements in IAS 24 to disclose compensation of Key Management Personnel; and
- the requirements in IAS 24 to disclose transactions with a management entity that provides key management personnel services to the company.

The Company's ultimate parent undertaking, Prudential plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Prudential plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Laurence Pountney Hill, EC4R 0HH until 12th April 2019. From 12th April 2019 the address will change to 10 Fenchurch Avenue, London, EC3M 5AG.

As the consolidated financial statements of Prudential plc include the equivalent disclosures the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1. Accounting policies (continued)

1.3 Change in accounting policies

The Company has adopted the following IFRSs in these financial statements:

- IFRS 15: Revenue from Contracts with Customers
- IFRS 9: Financial Instruments

IFRS 15 Revenue from Contracts with Customers

The Company has applied IFRS 15 using the retrospective with cumulative effect. The comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. There have been no significant changes or quantitative impact as a result of the application of IFRS 15.

IFRS 9 Financial Instruments

The Company has adopted IFRS 9 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not been restated. There are no differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9. Accordingly, the information presented for the year ended 31 December 2017 is comparable to the information presented for the year ended 31 December 2018 under IFRS 9.

- The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application.

There have been no changes or quantitative impact as a result of adopting IFRS 9.

1.4 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue their operations for a period of at least 12 months from the date that the financial statements are approved. In support of this expectation the directors are unaware of any factors likely to affect the Company in the foreseeable future, including consideration of the changes in response to Brexit noted in the Strategic Report. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

1. Accounting policies (continued)

1.5 Financial instruments (applicable from 1 January 2018)

(i) Recognition and initial measurement

Trade receivables and issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

(ii) Classification and subsequent measurement

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost or fair value through profit and loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1. Accounting policies (continued)

(b) Subsequent measurement and gains and losses

- Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

- where the instrument will or may be settled in the group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the group's own equity instruments or is a derivative that will be settled by the group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost and are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gain or loss on derecognition is also recognised in profit and loss.

Impairment

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

Loss allowances are measured at an amount equal to lifetime expected credit losses, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month expected credit loss.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

1. Accounting policies (continued)

Impairment (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the group is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1.6 Financial instruments (applicable prior to 1 January 2018)

Non-derivative financial instruments comprise trade and other debtors, trade and other creditors, and cash at bank and in hand.

Other debtors

Other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Other creditors

Other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash at bank and in hand

Cash at bank and in hand comprise cash balances and call deposits.

1.7 Interest receivable and similiar income

Interest receivable is recognised in profit or loss as it accrues.

1. Accounting policies (continued)

1.8 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

2. Notes to the Profit and Loss Account

All staff were employed during the year by the immediate parent company. Analysis of staff costs, pensions commitments and share-based payments are shown in the annual report and financial statements of that company.

3. Auditor's remuneration

	2018	2017
	£000	£000
Audit of these financial statements	**3**	3

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Prudential plc.

4. Directors' remuneration

No remuneration was paid to the directors during the period in connection with the management of the affairs of the Company (2017: £nil).

Two (2017: one) of the directors exercised Prudential plc share options during the year

5. Interest receivable and similar income

	2018	2017
	£000	£000
Other interest receivable	**2**	2

6. Taxation

	2018 £000	2017 £000
Total current tax	-	-
Taxation on profit on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2017 - the same as) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%) as set out below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	2	1
Effects of:		
Total tax charge for the year	-	-

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce any future current tax charge for the company accordingly.

7. Debtors

	2018 £000	2017 £000
Amounts owed by group undertakings	4,524	78

8. Cash at bank and in hand

	2018 £000	2017 £000
Cash at bank and in hand	1,053	5,497

9. Share capital

	2018	2017
	£000	£000
Shares classified as equity		
Allotted, called up and fully paid		
5,000,000 ordinary shares of £1 each	**5,000**	5,000

10. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned group companies and the exemption under paragraph 8(j) of FRS101 not to disclose key management personnel compensation and amounts incurred for the provision of key management personnel services by a separate management entity.

11. Immediate and ultimate parent company

The Company's immediate parent company is M&G Limited.

The Company's ultimate parent company is Prudential plc, a company registered in England and Wales. Consolidated financial statements are prepared by Prudential plc and copies of these are available from the Registered Office at Laurence Pountney Hill, London, EC4R 0HH until 12 April 2019. From 12 April 2019 the address will change to 10 Fenchurch Avenue, London, EC3M 5AG.