

# BRITANNIC MONEY INVESTMENT SERVICES LIMITED

Company Registration Number: 2171236

DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
for the year ended 31 December 2016



<b>Contents</b>	<b>Page</b>
Directors' report .....	2
Statement of Directors' responsibilities .....	4
Independent auditor's report to the members of Britannic Money Investment Services Limited ...	5
Statement of comprehensive income.....	6
Statement of financial position .....	7
Statement of cash flows .....	8
Statement of changes in equity .....	9
Notes to the financial statements .....	10

**Directors' report**

The Directors present their Report and the Financial Statements of Britannic Money Investment Limited ("the Company") for the year ended 31 December 2016.

The Company is incorporated in the United Kingdom as a private limited company. Its registration number is 2171236 and its registered office is 1 Wythall Green Way, Wythall, Birmingham, B47 6WG.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

**Business Review****Principal activities**

The principal activity of the Company was to provide investment advice and to effect investment transactions. The Company stopped writing new business and giving new advice with effect from 1 July 2003. However, it continues to receive renewal commissions on past transactions. On 29 January 2008, the Company's permission from the Prudential Regulation Authority for the provision of investment advice was voluntarily cancelled. Receiving renewal commissions on past transactions is expected to continue to be the principal activity for the foreseeable future.

The Company has no employees.

**Result and dividends**

The results of the Company for the year are shown in the statement of comprehensive income on page 6. The profit before tax was £415 (2015: £382).

No dividends were paid during the year (2015: £nil).

**Principal risks and uncertainties**

The Phoenix Group 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 principal risks and uncertainties facing the Company are counterparty risk and liquidity risk.

The Company has exposure to these types of risk as a result of normal business activities, specifically:

- the risk arising from the failure of a customer, or the Company's parent, to make payments to the Company as and when they fall due (counterparty risk); and
- the Company's inability to meet short-term cash flow requirements (liquidity risk).

The Company's exposure to these risks is monitored by the Board which agrees policies for managing the risks 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**

Having reviewed the position in light of the Financial Reporting Council Guidance issued in April 2016, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors 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:

S Mohammed  
A Moss

**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.

**Disclosure of information to auditor**

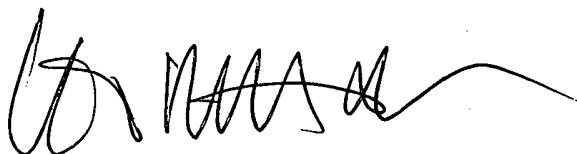
So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware, and each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant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

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

**Re-appointment of auditor**

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

On behalf of the Board

A handwritten signature in black ink, appearing to be 'L Nuttall', with a long horizontal flourish extending to the right.

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

20 September 2017

**Statement of Directors' responsibilities**

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

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare those statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). 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 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 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.

**Independent auditor's report to the members of Britannic Money Investment Services Limited**

We have audited the financial statements of Britannic Money Investment Services Limited for the year ended 31 December 2016 which comprise the accounting policies, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union ("IFRS").

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 Statement of Directors' Responsibilities 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 Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matters 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.



Benjamin Gregory (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

22 September 2017

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BRITANNIC MONEY INVESTMENT SERVICES LIMITED

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**Statement of comprehensive income**  
for the year ended 31 December 2016

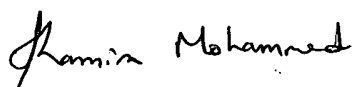
	Notes	2016 £	2015 £
<b>Revenue</b>			
Fees and commissions	3	415	382
<b>Profit for the year before tax</b>		<u>415</u>	<u>382</u>
Tax charge	6	(83)	(77)
<b>Profit for the year</b>		<u>332</u>	<u>305</u>
Other comprehensive income			
<b>Total comprehensive income for the year</b>		<u><u>332</u></u>	<u><u>305</u></u>

**BRITANNIC MONEY INVESTMENT SERVICES LIMITED**

**Statement of financial position**  
as at 31 December 2016

	Notes	As at 31 December 2016 £	As at 31 December 2015 £
<b>Equity</b>			
Share capital	7	1,002	1,002
Retained earnings		24,955	24,623
<b>Total equity</b>		<u>25,957</u>	<u>25,625</u>
<b>Non-current liabilities</b>			
Long-term provisions	8	39,599	28,000
<b>Current liabilities</b>			
Other payables	9	160	487
<b>Total liabilities</b>		<u>39,759</u>	<u>28,487</u>
<b>Total equity and liabilities</b>		<u>65,716</u>	<u>54,112</u>
<b>Non-current assets</b>			
Amounts due from parent	8	39,599	28,000
<b>Current assets</b>			
Other receivables	10	298	585
Cash and cash equivalents	11	25,819	25,527
<b>Total current assets</b>		<u>26,117</u>	<u>26,112</u>
<b>Total assets</b>		<u>65,716</u>	<u>54,112</u>

On behalf of the Board



Shamira Mohammed  
Director

20 September 2017



**Statement of cash flows**  
for the year ended 31 December 2016

	Notes	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Cash generated by operations	12	292	343
<b>Net cash flows from operating activities</b>		<u>292</u>	<u>343</u>
<b>Net increase in cash and cash equivalents</b>		292	343
Cash and cash equivalents at the beginning of the year		25,527	25,184
<b>Cash and cash equivalents at the end of the year</b>	11	<u>25,819</u>	<u>25,527</u>

**BRITANNIC MONEY INVESTMENT SERVICES LIMITED**

**Statement of changes in equity**  
for the year ended 31 December 2016

	Share capital (note 7) £	Retained earnings £	Total £
<b>At 1 January 2016</b>	1,002	24,623	25,625
Profit for the year	-	332	332
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	332	332
<b>At 31 December 2016</b>	<b>1,002</b>	<b>24,955</b>	<b>25,957</b>

	Share capital (note 7) £	Retained earnings £	Total £
<b>At 1 January 2015</b>	1,002	24,318	25,320
Profit for the year	-	305	305
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	305	305
<b>At 31 December 2015</b>	<b>1,002</b>	<b>24,623</b>	<b>25,625</b>

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

The financial statements have been prepared on a historical cost basis.

**Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The financial statements are presented in sterling (£) rounded to the nearest £ 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) Critical accounting estimates and judgements**

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

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of the Company's business that typically require such estimates are the determination of provisions as discussed in accounting policy (e). Further information on the key assumptions is provided in note 8.

**(c) Income tax**

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

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

Deferred tax is provided for on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not provided in respect of temporary differences arising from the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws enacted or substantively enacted at the period end.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(d) 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.

**(e) Provisions and contingent liabilities**

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where the Company has a present legal or constructive obligation but it is not probable that there will be an outflow of resources to settle the obligation or the amount cannot be reliably estimated, this is disclosed as a contingent liability.

**(f) Dividends**

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

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

**(g) Income recognition**

Revenue relates to commission receivable on financial services related transactions effected in previous years within the United Kingdom.

**(h) Share capital**

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

**(i) Events after the reporting period**

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

**2. Financial information**

The financial statements for the year ended 31 December 2016, set out on pages 6 to 14, were authorised by the Board of Directors for issue on 20 September 2017.

In preparing the financial statements the Company has adopted the following standards, interpretations and amendments which have been issued by the International Accounting Standards Board ('IASB') and have been adopted for use by the EU. None of the following have a material effect on the results of the Company.

- Annual Improvements 2012 – 2014 cycle; and
- Disclosure initiative (Amendments to IAS 1 Presentation of Financial Statements).

Further standards, interpretations and amendments have been issued but are not currently relevant to the Company.

**3. Fees and commissions**

	2016 £	2015 £
Commissions	415	382

**4. Directors' remuneration**

The Directors are employed by another Group company. The Directors received no remuneration in respect of their services to the Company (2015: £nil).

**5. Auditor's remuneration**

The remuneration of the auditor of the Company, including their associates, which were paid by another Group company, was £2,000 (2015: £2,000).

**6. Tax charge****Current year tax charge**

	2016 £	2015 £
Current tax:		
UK Corporation tax	83	77
Total tax charge	83	77

BRITANNIC MONEY INVESTMENT SERVICES LIMITED

**Reconciliation of tax charge**

	2016 £	2015 £
Profit before tax	415	382
Tax at standard UK rate of 20% (2015: 20.25%)	83	77
Total tax charge for the year	83	77

**7. Share capital**

	2016 £	2015 £
Issued and fully paid: 1,002 (2015: 1,002) ordinary share of £1 each	1,002	1,002

The Company's Articles of Association contain a restriction on the number of shares that may be allotted. The holders of the ordinary have the same rights to returns and voting. The holders 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 in its discretion out of legally available profits.

**8. Long-term provisions**

	2016 £	2015 £
At 1 January	28,000	24,000
Additions in the year	19,311	19,435
Utilised during the year	(7,712)	(15,435)
At 31 December	39,599	28,000

The Company has established a provision for future compensation in relation to past financial advice provided on sales of mortgage endowments and other products. The provision has been calculated using a best estimate of future cashflows based on historic experience since 2008, discounted using a risk adjusted rate. Until 2015, the provision was calculated for the following 2 years using 3 years of historic experience to calculate an average claim, and was not discounted. The impact of the change in estimate for 2016 is £11,599.

Due to the small volume of claims there is a high level of uncertainty around the amount and timing of these outflows. However, it is considered a reasonable assumption that substantially all claims would be exhausted within 25 years of The Company ceasing to provide advice in 2003, therefore the sums provided for are expected to be paid out in full by 2028.

The Company has received an indemnity from its immediate parent, Phoenix Life Limited, in respect of compensation payable which is disclosed as amounts due from parent in non-current assets in the statement of financial position. The indemnity arrangement means there is no impact in the statement of comprehensive income as a result of movements in the provision.

**9. Other payables**

	2016 £	2015 £
Amount due to parent	77	409
Other payables	83	78
	160	487
Amount due for settlement after 12 months	-	-

**BRITANNIC MONEY INVESTMENT SERVICES LIMITED**

**10. Other receivables**

	2016	2015
	£	£
Amounts due from fellow subsidiaries	174	585
Other receivables	124	-
	<u>298</u>	<u>585</u>
Amount recoverable after 12 months	<u>-</u>	<u>-</u>

**11. Cash and cash equivalents**

	2016	2015
	£	£
Bank and cash balances	<u>25,819</u>	<u>25,527</u>

**12. Cash flows**

***Cash flows from operating activities***

	2016	2015 (Restated)
	£	£
Profit for the year before tax	415	382
Changes in operating assets and liabilities		
Change in other receivables	(11,312)	(40)
Change in other payables	11,189	1
Cash generated by operations	<u>292</u>	<u>343</u>

**13. Capital management**

The Company's capital comprises of share capital and all reserves. At 31 December 2016, total capital was £25,957 (2015: £25,625). Information on the movements in capital is set out in the statement of changes in equity.

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

**14. Risk management**

The principal risks and uncertainties facing the Company are counterparty risk and liquidity risk.

The Company has exposure to these types of risk as a result of normal business activities, specifically:

- the risk arising from the failure of a customer, or the Company's parent, to make payments to the Company as and when they fall due (counterparty risk); and
- the Company's inability to meet short-term cash flow requirements (liquidity risk).

The Company's exposure to these risks is monitored by the Directors, who agree policies for managing each of these risks on an ongoing basis.

**15. Related party transactions**

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

<i>Amounts due from related parties</i>	2016 £	2015 £
Non-current amounts due from parent (note 8)	39,599	28,000
Amounts due from fellow subsidiaries (note 10)	174	585
Total due from related parties	<u>39,773</u>	<u>28,585</u>

*Amounts due to related parties*

	2016 £	2015 £
Amounts due to parent (note 9)	<u>77</u>	<u>409</u>

**Key management compensation**

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

During the year to 31 December 2016, key management and other family members had no other transactions with the Company.

**Parent and ultimate parent entity**

Information on the Company's parent and ultimate parent is given in note 16.

**16. Other information**

The Company's principal place of business is the United Kingdom. The Company's immediate parent is Phoenix Life Limited and its ultimate parent is Phoenix Group Holdings, a company incorporated in the Cayman Islands and resident in Jersey. A copy of the financial statements of Phoenix Group Holdings can be obtained from the Company Secretary, 1st Floor, 32 Commercial Street, St. Helier, Jersey, JE2 3RU.