

BRITANNIC MONEY INVESTMENT SERVICES LIMITED

Company Registration Number: 2171236

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2017

THURSDAY



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Directors' report

The Directors present their Report and the Financial Statements of Britannic Money Investment Services Limited ("the Company") for the year ended 31 December 2017.

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 7. The profit before tax was £203 (2016: £415).

No dividends were paid during the year (2016: £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 (resigned 30 September 2017)
A Moss
R Sheriff (appointed 30 September 2017)

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.

Small companies' exemption

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.

Disclosure of information to auditor

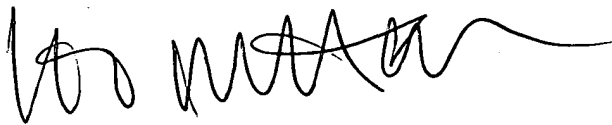
So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware, and each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant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



L Nuttall

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

12 June 2018

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

Opinion

We have audited the financial statements of Britannic Money Investment Services Limited (the 'company') for the year ended 31 December 2017 which comprise 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 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirements to prepare a strategic report.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Stuart Wilson (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
13 June 2018

Statement of comprehensive income
for the year ended 31 December 2017

	Notes	2017 £	2016 £
Revenue			
Fees and commissions	3	203	415
Profit for the year before tax		<u>203</u>	<u>415</u>
Tax charge	6	(39)	(83)
Profit for the year		<u>164</u>	<u>332</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>164</u></u>	<u><u>332</u></u>

Statement of financial position
as at 31 December 2017

	Notes	As at 31 December 2017 £	As at 31 December 2016 £
Equity			
Share capital	7	1,002	1,002
Retained earnings		25,119	24,955
Total equity		<u>26,121</u>	<u>25,957</u>
Non-current liabilities			
Long-term provisions	8	37,533	39,599
Current liabilities			
Other payables	9	122	160
Total liabilities		<u>37,655</u>	<u>39,759</u>
Total equity and liabilities		<u>63,776</u>	<u>65,716</u>
Non-current assets			
Amounts due from parent	8	37,533	39,599
Current assets			
Other receivables	10	97	298
Cash and cash equivalents	11	26,146	25,819
Total current assets		<u>26,243</u>	<u>26,117</u>
Total assets		<u>63,776</u>	<u>65,716</u>

On behalf of the Board



R Sheriff
Director

12 June 2018

Statement of cash flows
for the year ended 31 December 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated by operations	12	327	292
Net cash flows from operating activities		<u>327</u>	<u>292</u>
Net increase in cash and cash equivalents		327	292
Cash and cash equivalents at the beginning of the year		25,819	25,527
Cash and cash equivalents at the end of the year	11	<u>26,146</u>	<u>25,819</u>

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Statement of changes in equity
for the year ended 31 December 2017

	Share capital (note 7) £	Retained earnings £	Total £
At 1 January 2017	1,002	24,955	25,957
Profit for the year	-	164	164
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	164	164
At 31 December 2017	1,002	25,119	26,121

	Share capital (note 7) £	Retained earnings £	Total £
At 1 January 2016	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
At 31 December 2016	1,002	24,955	25,957

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.

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. It is recognised as contractual rights to receive commission arise.

(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 2017, set out on pages 7 to 15, were authorised by the Board of Directors for issue on 12 June 2018.

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.

- Amendments to IAS 7 Disclosure Initiative

The IASB has issued the following new or amended standards and interpretations which apply from the dates shown. The Company has decided not to early adopt any of these standards, interpretations or amendments where this is permitted.

- Annual Improvements to IFRSs 2014-2016 Cycle (2018). The Annual Improvements include amendments to IFRS 1 and IAS 28 which are not yet mandatorily effective for the Company. The package also includes amendments to IFRS 12 which is mandatorily effective for the Company in the current year. The Company does not anticipate that the application of the amendments in the future will have any impact on the Company's financial statements as the Company is neither a first-time adopter of IFRS nor a venture capital organisation. Furthermore, the Company does not have any associate or joint venture that is an investment entity.
- IFRIC 23 Uncertainty over Income Tax Treatments (2019). This interpretation clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency.

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

3. Fees and commissions

	2017	2016
	£	£
Commissions	203	415

4. Directors' remuneration

The Directors are employed by another Group company. The Directors received no remuneration in respect of their services to the Company (2016: £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 (2016: £2,000).

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

	2017 £	2016 £
Current tax:		
UK Corporation tax	39	83
Total tax charge	<u>39</u>	<u>83</u>

Reconciliation of tax charge

	2017 £	2016 £
Profit before tax	<u>203</u>	<u>415</u>
Tax at standard UK rate of 19.25% (2016: 20%)	39	83
Total tax charge for the year	<u>39</u>	<u>83</u>

7. Share capital

	2017 £	2016 £
Issued and fully paid: 1,002 (2016: 1,002) ordinary share of £1 each	<u>1,002</u>	<u>1,002</u>

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

The holders of ordinary shares have the same voting rights. 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

	2017 £	2016 £
At 1 January	39,599	28,000
Additions in the year	-	19,311
Released in the year	(1,483)	-
Utilised during the year	<u>(583)</u>	<u>(7,712)</u>
At 31 December	<u>37,533</u>	<u>39,599</u>

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.

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.

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9. Other payables

	2017	2016
	£	£
Amount due to parent	83	77
Other payables	39	83
	<u>122</u>	<u>160</u>

Amount due for settlement after 12 months

-	-
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10. Other receivables

	2017	2016
	£	£
Amounts due from fellow subsidiaries	97	174
Other receivables	-	124
	<u>97</u>	<u>298</u>

Amount recoverable after 12 months

-	-
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11. Cash and cash equivalents

	2017	2016
	£	£
Bank and cash balances	<u>26,146</u>	<u>25,819</u>

12. Cash flows

Cash flows from operating activities

	2017	2016
	£	£
Profit for the year before tax	203	415
Changes in operating assets and liabilities		
Change in other receivables	2,267	(11,312)
Change in other payables	(2,143)	11,189
Cash generated by operations	<u>327</u>	<u>292</u>

13. 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.

14. 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>	2017 £	2016 £
Non-current amounts due from parent (note 8)	37,533	39,599
Amounts due from fellow subsidiaries (note 10)	97	174
Total due from related parties	<u>37,630</u>	<u>39,773</u>

Amounts due to related parties

	2017 £	2016 £
Amounts due to parent (note 9)	<u>83</u>	<u>77</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 2017, 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 15.

15. 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 the United Kingdom. A copy of the financial statements of Phoenix Group Holdings can be obtained from the Company Secretary, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU.