ANNUAL REPORT
AND
FINANCIAL STATEMENTS

31 December 2011

Investment Strategies (UK) Limited

Registered in England No. 02294264

Investment Strategies (UK) Limited

CONTENTS

COMPANY INFORMATION

Directors	J P Hine M K Leather P Mann
Bankers	National Westminster Bank Plc 12 High Street Southampton SO14 2BF
Auditors	KPMG Audit Plc 15 Canada Square London E14 5GL
Registered office	Skandia House Portland Terrace Southampton SO14 7EJ Telephone 023 8033 4411 Website www skandia co uk Registered in England No 02294264

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND DIVIDENDS

The principal activity of the company was formerly that of the provision of financial and associated services It ceased to be an FSA authorised company on 22 December 2006

The company continues to manage the winding down process and the directors are satisfied with the results for the year and the position at the year end

The loss for the year, after taxation, amounted to £1,000 (2010 loss £1,000)

The directors recommend no dividend payment in respect of the year ended 31 December 2011 (2010 nil)

KEY PERFORMANCE INDICATORS ('KPIs')

Given the nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary to improve the understanding of the business

DIRECTORS

The directors of the company during the year were as follows

J P Hine	
M K Leather	(appointed 30 June 2011)
P Mann	
P R T Miller	(resigned 3 May 2011)

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

EMPLOYEES

The company has no employees (2010 nil)

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

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

By order of the Board

M Leather
21 September 2012

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

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

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

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

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF INVESTMENT STRATEGIES (UK) LIMITED

We have audited the accompanying financial statements of Investment Strategies (UK) Limited for the year ended 31 December 2011 set out on pages 5 to 16 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

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

Respective responsibilities of directors and auditor
As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

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

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

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

21 September 2012

INCOME STATEMENT
for the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
PROFIT BEFORE TAX		-	-
Taxation	6	(1)	(1)
LOSS FOR THE YEAR		(1)	(1)
Attributable to equity holders		(1)	(1)

The notes on pages 10 to 16 are an integral part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2011

	2011 £'000	2010 £'000
LOSS FOR THE YEAR	(1)	(1)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR All attributable to equity holders	(1)	(1)

The notes on pages 10 to 16 are an integral part of these financial statements

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

	Share capital £'000	Capital contribution £'000	Retained losses £'000	Total equity holders' funds £'000
Balance at 1 January 2010	550	6,000	(5,485)	1,065
Loss for the year	-	-	(1)	(1)
Balance at 1 January 2011	550	6,000	(5,486)	1,064
Loss for the year	-	-	(1)	(1)
Balance at 31 December 2011	550	6,000	(5,487)	1,063

The notes on pages 10 to 16 are an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION
at 31 December 2011

	Notes	2011 £'000	2010 £'000
ASSETS			
Loans and advances	7	1,260	1,260
Cash and cash equivalents	8	1,009	1,156
Total assets		2,269	2,416
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	9	550	550
Capital redemption reserve		6,000	6,000
Retained losses		(5,487)	(5,486)
Total equity attributable to equity holders		1,063	1,064
LIABILITIES			
NON CURRENT-LIABILITIES			
Provisions		228	224
CURRENT LIABILITIES			
Provisions	11	501	675
Current tax liabilities		159	158
Other payables	10	318	295
Total liabilities		1,206	1,352
Total equity and liabilities		2,269	2,416

The notes on pages 10 to 16 are an integral part of these financial statements

Approved at a meeting of the Board of Directors on 21 September 2012 and signed on its behalf by

J P Hine
Director

M Leather
Director

Company registered number 02294264

STATEMENT OF CASH FLOWS
for the year ended 31 December 2011

	2011	2010
	£'000	£'000
OPERATING ACTIVITIES		
Cash used in operations	(169)	(287)
Net cash used in operating activities	(169)	(287)
FINANCING ACTIVITIES		
Net cash received for short-term funding arrangements	22	66
Net cash received from financing activities	22	66
Net decrease in cash and cash equivalents	(147)	(221)
Cash and cash equivalents at beginning of the year	1,156	1,377
Cash and cash equivalents at end of the year	1,009	1,156

The notes on pages 10 to 16 are an integral part of these financial statements

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

1 GENERAL INFORMATION

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as noted below

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

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

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

- IFRS 2 'Share-based payment' (amendments effective 1 January 2010)
- IFRS 3 'Business Combinations' (revised 2008) and IAS 27 'Consolidated and Separate Financial Statements' (revised 2008) (effective 1 July 2009)
- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' (consequential amendment effective 1 July 2009)
- IAS 32 'Financial Instruments Presentation' (amendment in respect of accounting for rights issues, effective 1 February 2010)
- IAS 28 'Investments in Associates' and IAS 31 'Interests in Joint Ventures' (consequential amendments effective 1 July 2009 arising from the changes to IFRS 3 and IAS 27)
- IAS 39 'Financial Instruments Recognition and Measurement' (effective 1 July 2009)

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Critical accounting estimates and judgements
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 deferred taxes, provisions and impairment charges Each of these are discussed in more detail in the relevant accounting policies and notes to the financial statements

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and advances
Loans and advances are non-derivative financial instruments with fixed or determinable terms of repayment that are not quoted in an active market

Loans to group companies are initially recorded at cost including transaction costs and are recognised on the date the funds are transferred Subsequently, loans are stated at amortised cost using the effective interest rate method less any deduction for possible impairment Each loan is valued on an individual basis

A provision for loan impairment is established if there is objective evidence that the company will not be able to collect all amounts due from a financial contract The amount of the impairment is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral

The impairment provision also covers losses where there is objective evidence that losses are present in components of the loan portfolio at the year-end, but these components have not yet been specifically identified When a loan is uncollectible, it is written-off against the related impairment provision Subsequent recoveries are credited to losses on loans and advances in the income statement

Where an impairment has been recognised this is reflected in the relevant notes to the accounts

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

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

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

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

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

Cash and cash equivalents
Cash and cash equivalents comprise current accounts only The carrying amount of these assets approximates to their fair value

Provisions
Provisions are recognised when the company has an obligation, legal or constructive, as a result of a past event, and it is probable that the company will be required to settle that obligation Provisions are estimated at the directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date, and are discounted to present values where the effect is material

The setting of provisions in the accounts represents the key judgement area in the accounts

Other payables
Other payables are short-term, not interest-bearing and are stated at their amortised cost which is not materially different to cost and approximates to fair value

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

3 FINANCIAL INSTRUMENTS RISK

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

The enterprise risk management framework for the company is articulated by reference to four key areas
- Culture, leadership and setting the right tone,
- Risk identification and the management cycle,
- Defining risk strategy and appetite, and
- The demonstration of our effective risk management by outcomes evidenced through reports and analysis

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

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

Risk strategy and appetite are described below

Demonstration of the effectiveness of risk management is evidenced through
- Analysis of progress against plans using key performance indicators and key risk indicators,
- Monitoring of compliance against policies including breach and incident reporting, and
- Regular reports on risks and issues

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

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

The material risks faced by the company are described below

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

The Old Mutual Wealth Management sub-group has established a market risk policy which sets out the market risk management governance framework, permitted and prohibited market risk exposures, maximum limits on market risk exposures, management information and stress testing requirements

The company is exposed to minimal market risk

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

3 FINANCIAL INSTRUMENTS RISK (continued)

Liquidity risk

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

The Old Mutual Wealth Management sub-group has established a liquidity risk policy, which sets out the practices that each business unit must perform to manage exposure to liquidity risk

The company is exposed to minimal liquidity risk as all its investments and bank accounts are available on demand and sufficient to meet day to day outgoings There are no external borrowings

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

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

The company is exposed to some credit risk The company's principal assets are bank balances and cash

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies

All receivables are with fellow group companies The risk of default on amounts due from companies within the group are controlled by the monthly monitoring of debt balances

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

The company has no significant concentration of credit risk

4 ADMINISTRATIVE EXPENSES

Auditor's remuneration for audit services consists of fees in respect of statutory audits and is borne by a fellow group undertaking The fees for the year are £5,000 (2010 £4,000)

5 REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

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

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

6 TAXATION

	2011 £'000	2010 £'000
Adjustment in respect of prior years	(1)	(1)
Tax charge for the year	(1)	(1)

The total tax charge for the year can be reconciled to the accounting profit as follows

Pre-tax profit	-	-
Tax on profit at the applicable tax rate, 26 5% (2010 28%)	-	-
Effect of		
Adjustment in respect of prior years	(1)	(1)
	(1)	(1)

7 LOANS AND ADVANCES

	2011 £'000	2010 £'000
Lending to group undertakings	1,260	1,260

All loans are unsecured, interest free and repayable on demand There have been no non-performing loans, loans subject to renegotiations or material impairments on loans and advances recognised in the financial year

8 CASH AND CASH EQUIVALENTS

	2011 £'000	2010 £'000
Bank balances	1,009	1,156

Bank balances are comprised of short-term bank deposits with an original maturity of three months or less The carrying amount of these assets approximates to their fair value

Cash at bank includes £229,000 (2010 £229,000) of monies held in former client commission accounts (see note 10)

9 SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised		
550,000 (2010 550,000) ordinary shares of £ 1 each	550	550
Allotted, called up and fully paid		
550,000 (2010 550,000) ordinary shares of £ 1 each	550	550

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

10 OTHER PAYABLES

At amortised cost	2011 £'000	2010 £'000
Due to group undertakings (see note 12)	89	66
Commission due to members	229	229
	318	295

All amounts are current and short term Amounts due to group companies are unsecured and are settled quarterly

11 PROVISIONS

Legal actions and claims	2011 £'000	2010 £'000
Balance at beginning of the year	899	1,172
Utilisation	(170)	(273)
Balance at end of the year	729	899
Current	501	675
Non-current	228	224
Balance at 31 December 2011	729	899

The provision is expected to be utilised over a period of one to two years

The company remains exposed to legal actions and claims incurred in the normal course of its business when the company was an authorised Independent Financial Advisor A provision is made which is the directors' best estimate of the expected value of such claims The effect of the unwinding of the discount rate in the year was deemed to be immaterial and therefore has not been taken into account

The continued and ongoing active management of complaints and debts during 2012 continues to ensure that the potential liabilities are actively managed

12 RELATED PARTY TRANSACTIONS

Amounts due to group undertakings at the reporting dates are included in note10

Details of intragroup loans are given in note 7

13 ULTIMATE PARENT COMPANY

The company's immediate parent is Skandia Life Assurance (Holdings) Limited, a company registered in England & Wales

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

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