

**Registered Number 05965858**

**Pension Holding Company (UK) 2 Limited**

**Annual Report and Financial Statements  
For the period ended 31 December 2008**

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## **Pension Holding Company (UK) 2 Limited**

Incorporated and registered in England & Wales Registered Number 05965858

Registered Office: Until 10 December 2008, Almack House, 28 King Street, London, SW1Y 6XA. From 10 December 2008, 14 Cornhill, London, EC3V 3ND

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## **Pension Holding Company (UK) 2 Limited**

### **Directors' report for the period ended 31 December 2008**

#### **Principal activity**

Pension Holding Company (UK) 2 Limited (formerly Pension Holding Company (UK) 3 Limited) was incorporated on 13 February 2006. The principal activity of Pension Holding Company (UK) 2 Limited ("the Company" or "PHCUK2") is as holding company for Pension Holding Company (UK) 3 Limited ("PHCUK3"). This will continue in 2009. It is a wholly owned subsidiary of Pension Insurance Corporation Holdings LLP.

#### **Business Review**

PHCUK2 is the holding company of PHCUK3 which is a holding company of Pension Insurance Corporation Limited a company authorised to write long term insurance business by the Financial Services Authority. Pension Insurance Corporation's principal product offered is the provision of pension insurance and annuities to corporate pension schemes and insurance companies. The principal risks and uncertainties facing the company are therefore in respect of the performance of its subsidiary undertaking.

#### **Results and dividends**

The profit and loss account appears on page 8. No dividend for 2008 is proposed.

#### **Share Capital**

The Company issued 50,000,000 £1 ordinary shares at par during 2006 and issued 52,000,000 £1 ordinary shares at par on 1 July 2008, 6,583,561 £1 ordinary shares at par on 14 November 2008 and 217,000,000 on 8 December 2008. At 31 December 2008 the Company had issued, in total, 325,583,561 £1 ordinary shares at par

#### **Directors and their interests**

The directors who served during the period were:

##### **Director**

Malcolm Thomson

Richard Priestley

Robert Sewell

Resigned 11 November 2008

Appointed 29 October 2008

#### **Disclosure of Information to Auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they 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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## **Pension Holding Company (UK) 2 Limited**

### **Directors' report for the period ended 31 December 2008**

#### **Going concern**

After making appropriate enquiries, the directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to use the going concern basis in preparing the financial statements.

#### **Auditors**

The directors appointed KPMG Audit Plc as auditors of the Company for the current financial period, during 2008.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed.

On behalf of the board of directors.



Robert Sewell  
Director  
23 April 2009

## **Pension Holding Company (UK) 2 Limited**

### **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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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.

## **Independent auditors' report to the members of Pension Holding Company (UK) 2 Limited**

We have audited the financial statements of Pension Holding Company (UK) 2 Limited for the period ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report to the members of Pension Holding Company (UK) 2 Limited (continued)**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
London  
23 April 2009

## Pension Holding Company (UK) 2 Limited

### Profit and Loss Account for the period ended 31 December 2008

	Note	1 January to 31 December 2008 £000's	13 October 2006 to 31 December 2007 £000's
Write back / (down) of holding in subsidiary	2	10,761	(10,761)
<b>Profit / (loss) on ordinary activities before tax</b>		<b>10,761</b>	<b>(10,761)</b>
Tax on profit / (loss) on ordinary activities		-	-
<b>Profit / (loss) for the financial period</b>		<b>10,761</b>	<b>(10,761)</b>

All of the amounts above are in respect of continuing operations. There are no gains and losses other than the amounts shown in the profit and loss account therefore no Statement of total recognised gains and losses is presented.

### Reconciliation of movements in shareholders' funds for the period ended 31 December 2008

	Note	1 January to 31 December 2008 £000's	13 October to 31 December 2007 £000's
<b>Opening shareholders' funds</b>		<b>39,239</b>	<b>-</b>
Share capital subscribed	7	275,584	50,000
Capital contribution received	7	60,000	-
<b>Profit / (loss) for the financial period</b>		<b>10,761</b>	<b>(10,761)</b>
<b>Closing shareholders' funds</b>		<b>385,584</b>	<b>39,239</b>

The amounts shown above are in respect of continuing operations.

The accounting policies and notes on pages 10 to 12 form an integral part of these financial statements.




**Pension Holding Company (UK) 2 Limited**

**Balance sheet as at 31 December 2008**

ASSETS	Note	2008 £000's	2007 £000's
<hr/>			
<b>Fixed asset investments</b>			
Shares in subsidiary undertakings	6	385,584	39,239
<hr/>			
<b>Total assets</b>		<b>385,584</b>	<b>39,239</b>
<hr/>			
<b>CAPITAL AND RESERVES</b>			
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Called up share capital	7	325,584	50,000
Capital contribution	7	60,000	-
Profit and loss account		-	(10,761)
<hr/>			
<b>Equity shareholders' funds</b>		<b>385,584</b>	<b>39,239</b>

The financial statements on pages 8 to 12 were approved by the board of directors on 23 April 2009 and were signed on its behalf by:

  
.....  
Robert Sewell

The accounting policies and notes on pages 10 to 12 form an integral part of these financial statements.

## **Pension Holding Company (UK) 2 Limited**

### **Notes to the financial statements for the period ended 31 December 2008**

#### **1. Accounting Policies**

##### **(a) Basis of preparation**

The financial statements have been prepared in accordance with the provisions of Section 255 of, and Schedule 9A to, the Companies Act 1985.

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention as modified to include the revaluation of certain investments.

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

As 100% of the Company's voting rights are controlled within the group headed by Pension Insurance Corporation Holdings LLP, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

##### **(b) Investment in subsidiary undertakings**

Investments in subsidiary undertakings are stated at cost less impairment.

##### **(c) Taxation**

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required FRS19.

## Pension Holding Company (UK) 2 Limited

### Notes to the financial statements for the period ended 31 December 2008

#### 2. Subsidiary holding

	1 January to 31 December 2008 £000's	13 October 2006 to 31 December 2007 £000's
Impairment of Investment in subsidiary	-	(10,761)
Increase in value of subsidiary	10,761	-
<b>Increase in / (write down of) holding in subsidiary</b>	<b>10,761</b>	<b>(10,761)</b>

#### 3. Auditors' remuneration

The auditors' remuneration in respect of the statutory audit of these financial statements is £2,050. This fee is borne by the ultimate parent Pension Insurance Corporation Holdings LLP.

#### 4. Directors' emoluments

There were no payments made to the Directors during the period.

There were also no employee or staff costs.

#### 5. Taxation

The current tax credit for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	1 January to 31 December 2008 £000's	13 October 2006 to 31 December 2007 £000's
<b>Current tax reconciliation</b>		
Profit / (loss) on ordinary activities before tax	10,761	(10,761)
Current tax at 28% (30%)	3,013	3,228
<b>Effects of:</b>		
Valuation adjustment reflecting uncertainty of the timing of future taxable profits	-	(3,228)
Amount set against previously incurred losses	(3,013)	-
<b>Total current tax charge</b>	<b>-</b>	<b>-</b>

#### Factors that may affect future current and total tax charges

Business profits in the future will crystallise any tax credits. However, as there is uncertainty of the timing of taxable profits in future years any tax credits arising against this period's loss have not been recognised in the profit and loss account or as a deferred tax asset in the balance sheet.

## Pension Holding Company (UK) 2 Limited

### Notes to the financial statements for the period ended 31 December 2008

#### 6. Fixed asset investments

	Shares in subsidiary undertakings £000's
At beginning of year	39,239
Additional Investment	335,584
Investment revaluation	10,761
At end of year	385,584

The Company owns 100% of the ordinary share capital of Pension Holding Company (UK) 3 Limited, a company incorporated in England and Wales.

#### 7. Called up share capital

	2008 £	2007 £
<b>Authorised</b>		
200,000,000 Ordinary shares of £1 each	<u>600,000,000</u>	<u>200,000,000</u>
<b>Allotted, called up and fully paid</b>		
50,000,001 Ordinary shares of £1 each	<u>325,583,561</u>	<u>50,000,001</u>

#### 8. Related party transactions

There were no related party transactions.

#### 9. Immediate and ultimate parent company

The Company is a wholly owned subsidiary of Pension Holding Company (UK) 1 Limited, which is incorporated in England and Wales. The ultimate parent entity is Pension Insurance Corporation Holdings LLP, which is incorporated in England and Wales. It is the only parent company which prepares group financial statements. The consolidated financial statements of Pension Insurance Corporation Holdings LLP are available from 14 Cornhill, London, EC3V 3ND