

Registered Number 05965858

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

**Annual Report and Financial Statements  
For the year ended 31 December 2015**

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

Incorporated and registered in England & Wales Registered Number 05965858

Registered Office: 14 Cornhill, London, EC3V 3ND, United Kingdom

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

### **Directors' report for the year ended 31 December 2015**

The directors present their annual report and the financial statements for Pension Holding Company (UK) 2 Limited, registered number 05965858, ("the Company") for the year ended 31 December 2015.

#### **Principal activity**

The principal activity of the Company is a holding company within the Pension Insurance Corporation group.

It is a wholly owned subsidiary of Pension Holding Company (UK) 1 Limited ("PHC1").

#### **Business Review**

##### *Group Reorganisation*

A group reorganisation took place on 8 December 2015.

Prior to this date the Company was the sole owner of Pension Holding Company (UK) 3 Limited ("PHC3") which was in turn the holding company of Pension Insurance Corporation plc ("PIC"), a company authorised to write long term insurance business by the Prudential Regulation Authority. The Company was also the sole owner of Pension Services Corporation Limited ("PSC"), a company providing administrative services to PIC and other group companies.

Subsequent to the group reorganisation the Company remains a wholly owned subsidiary of PHC1.

The ownership of the shares held in PSC passed to PHC3 following the issuance of further shares by PHC3.

The ownership of shares in PHC3, incorporating the ownership of PSC shares, passed to Pension Insurance Corporation Group Limited ("PICGL"), a company registered in England and Wales as fulfilment of a dividend payment.

##### *Results and dividends*

The Company made neither a profit nor loss in the year ended 31 December 2015 (2014: £nil). The directors recommended payment of a dividend of £816,810,351 on 8 December 2015 (2014: £nil). This dividend payment was satisfied by transfer of the shares held in PHC3.

##### *Changes in share capital*

The Company issued 64.6 million £1 ordinary shares at par on 23 March 2015. The issue was fully paid and wholly subscribed by PHC1 for cash consideration.

The Company used the proceeds to subscribe for a further 64.6 million £1 ordinary shares in PHC 3 at par.

On 8 December 2015 the Company undertook a capital reduction exercise and reduced its issued share capital from 816,810,350 ordinary shares of £1 each to 1 ordinary share of £1.

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

The directors who served during the year and up to the date of approval of these financial statements were:

Louise Inward	Appointed 18 November 2015
Malcolm Thomson	Resigned 18 November 2015
Rob Sewell	

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

### **Directors' report for the year ended 31 December 2015 (continued)**

#### **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 have therefore adopted the going concern basis in preparing the financial statements.

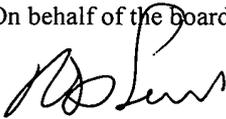
#### **Disclosure of Information to Auditors**

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.

#### **Auditors**

In accordance with section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in the office.

On behalf of the board



Rob Sewell  
*Director*

23 March 2016

## **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 International Financial Reporting Standards ("IFRS") 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 judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS 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 proper 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 its 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 Pension Holding Company (UK) 2 Limited**

We have audited the financial statements of Pension Holding Company (UK) 2 Limited for the year ended 31 December 2015 set out on pages 8 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2015 and of its result for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the EU; 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

### **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.

*M Wilson*

Mostyn Wilson (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor

*Chartered Accountants*

KPMG LLP  
15 Canada Square  
London  
E14 5GL

23 March 2016

## Pension Holding Company (UK) 2 Limited

### Statement of comprehensive income for the year ended 31 December 2015

	<i>Note</i>	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Dividend received	<i>1</i>	816,810	-
Impairment of investment		(816,810)	-
<b>Profit before taxation</b>		-	-
Tax charge	<i>4</i>	-	-
<b>Profit for the year</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive income</b>		-	-

The accounting policies and notes on pages 10 to 13 form an integral part of these financial statements.

### Statement of changes in equity for the year ended 31 December 2015

Year ended 31 December 2015	Share capital £'000	Other reserves £'000	Accumulated surplus £'000	Total £'000
At beginning of year	752,210	-	-	752,210
Ordinary share capital issued for cash	64,600	-	-	64,600
Dividend Paid	-	-	(816,810)	(816,810)
Share Capital reduction	(816,810)	-	816,810	-
<b>At end of year</b>	-	-	-	-
Year ended 31 December 2014	Share capital £'000	Other reserves £'000	Accumulated surplus £'000	Total £'000
At beginning of the year	680,210	-	-	680,210
Ordinary share capital issued for cash	72,000	-	-	72,000
<b>At end of year</b>	752,210	-	-	752,210

The accounting policies and notes on pages 10 to 13 form an integral part of these financial statements.

## Pension Holding Company (UK) 2 Limited

### Statement of Financial Position

as at 31 December 2015

	<i>Note</i>	31 December 2015		31 December 2014	
		£'000	£'000	£'000	£'000
<b>Assets</b>					
<b>Fixed asset investments</b>					
Investment in subsidiary	5		-		752,211
<b>Total Assets</b>			-		752,211
<b>Equity</b>					
Called up share capital	7	-		752,210	
<b>Total Equity</b>			-		752,210
<b>Liabilities</b>					
Accruals		-		1	
<b>Total Liabilities</b>			-		1
<b>Total Equity and Liabilities</b>			-		752,211

The accounting policies and notes on pages 10 to 13 form an integral part of these financial statements.

The financial statements on pages 8 to 13 were approved by the board of directors on 23 March 2016 and were signed on its behalf by:



Rob Sewell  
*Director*

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

### **Notes to the financial statements for the year ended 31 December 2015**

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

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

The financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company has applied all IFRS and interpretations that are adopted by the EU and are effective for accounting periods beginning on or after 1 January 2015. There is no material effect on the results of the Company arising from these implementations.

The Company has not adopted the following standards which are not yet mandatory:

*IFRS 9 – Financial Instruments – not yet endorsed by the EU, effective for accounting periods beginning on or after 1 January 2018.*

*IFRS 15 – Revenue from Contracts with Customers – not yet endorsed by the EU, effective for accounting periods beginning on or after 1 January 2018.*

The Company believes that it is not currently possible to evaluate the impact the adoption of the above Accounting Standards will have on the results of the Company.

##### **(b) Separate financial statements**

The Company is exempt from the consolidation requirements of IAS 27 “*Consolidated and Separate Financial Statements*” as it is a wholly owned subsidiary of PICGL, an entity which prepares consolidated financial statements in accordance with IFRS. Details of the registered office of PICGL are included in note 8.

Consequently these financial statements comprise the separate financial statements of the Company only.

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

### **Notes to the financial statements for the year ended 31 December 2015 (continued)**

#### **1. Accounting Policies (continued)**

##### **(c) Cash flow**

The Company acts as a holding company and has no bank account. Consequently it has no cash movements and no Statement of cash flows has been prepared.

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

The Company classifies investments in entities which it controls as subsidiaries. Investment in subsidiary undertakings is stated at cost less impairment.

Reversals of impairment losses are recognised in the Statement of comprehensive income Statement if there has been a change in the estimates used to determine the recoverability amount of the investment.

##### **(e) Taxation**

Current taxation is provided on taxable profits at the corporation tax rate ruling in the year they are earned.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes. 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 ruling at the date the timing difference is expected to reverse.

A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the asset can be utilised.

#### **2. Auditors' remuneration**

The auditors' remuneration in respect of the statutory audit of these financial statements is £5,000, (2014: £5,000). This fee is borne by Pension Services Corporation Limited, a sister company with the same ultimate parent..

#### **3. Directors' and employees**

No director received any remuneration during the year in respect of services to the Company (2014: £nil). The Company has no employees and therefore incurred no wage or salary costs during the year (2014: £nil).

## Pension Holding Company (UK) 2 Limited

### Notes to the financial statements for the year ended 31 December 2015 (continued)

#### 4. Taxation

The Company made no taxable profits in the year and made neither a profit or loss in 2014.

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
<i>Current taxation</i>		
Corporation tax for the current year	-	-
	<hr/>	<hr/>
Total current tax	<hr/> <hr/>	<hr/> <hr/>

The Company has no tax losses carried forward or any timing differences which may give rise to a deferred tax effect.

The current tax charge for the period is lower (2014: not applicable) than the standard rate of Corporation tax in the United Kingdom of 20.50% (2014: 21.50%). The difference is explained below:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
<i>Reconciliation of total income to the applicable tax rate</i>		
Profit before taxation	-	-
	<hr/>	<hr/>
Net income on which tax is payable	-	-
	<hr/>	<hr/>
Corporation tax at 20.50% (2014: 21.50%)	-	-
	<hr/> <hr/>	<hr/> <hr/>

#### 5. Investment in subsidiaries

	£'000
<i>Cost</i>	
At beginning of year	752,211
Additions during the year	64,601
Reductions in the year	(816,812)
	<hr/>
At end of year	<hr/> <hr/>

Additions during the year of £64,601,000 comprise the consideration for 64,601,000 ordinary shares issued by PHC3 during the year.

Until December 8 2015 the company owned 100% of the ordinary share capital of PHC3, an intermediate group holding company and Pension Services Corporation Limited, a service company. As part of a group reorganisation, on December 8 2015, ownership of its shares in PHC3 transferred to PICGL and ownership of its shares in PSC transferred to PHC3.

## Pension Holding Company (UK) 2 Limited

### Notes to the financial statements for the year ended 31 December 2015 (continued)

#### 6. Risk management

The principal risks and uncertainties facing the Company were in respect of the performance of PIC, its main operating subsidiary, and a Company authorised to write long term insurance business by the Prudential Regulatory Authority.

The Company ceased to be the parent of PIC following a group reorganisation on 8 December 2015.

#### 7. Called up share capital

	2015 £'000	2014 £'000
<b>Allotted, called up and fully paid</b>		
1 (2014: 752,210,351) ordinary shares of £1 each	-	752,210

The Company issued 64,600,000 £1 ordinary shares on 23 March 2015 at par for cash consideration.

On 8 December 2015 a capital reduction exercise saw the number of shares in issue reduced from 816,810,351 £1 ordinary shares to 1 £1 ordinary share.

#### 8. Parent company and ultimate controlling party

The Company is a wholly owned subsidiary of Pension Holding Company (UK) 1 Limited, incorporated in England and Wales.

Until 8 December 2015 the directors regarded Pension Corporation Group Limited, a limited company incorporated in Guernsey as the ultimate parent undertaking and ultimate controlling party for which group financial statements are prepared. Subsequent to the group reorganisation which took place on 8 December 2015 the directors regard Pension Insurance Corporation Group Limited, a limited company incorporated in England and Wales as the ultimate parent undertaking and ultimate controlling party for which group financial statements are prepared.

The consolidated financial statements of Pension Insurance Corporation Group Limited are available to the public and may be obtained from 14 Cornhill, London, EC3V 3ND.