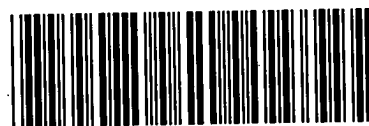


**Registered Number 05965858**

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

**Annual Report and Financial Statements  
For the year ended 31 December 2014**

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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 2014**

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 2014.

#### **Principal activity**

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

It is a wholly owned subsidiary of Pension Holding Company (UK) 1 Limited ("PHC1") and is the sole owner of Pension Holding Company (UK) 3 Limited ("PHC3") which in turn is 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 is also the sole owner of Pension Services Corporation Limited, a company providing administrative services to PIC and other group companies.

#### **Business Review**

##### *Results and dividends*

The company made neither a profit nor loss in the year ended 31 December 2014 (2013: £nil). The directors do not recommend the payment of a dividend (2013: £nil).

##### *Changes in share capital*

The company issued 72 million £1 ordinary shares at par on 5 June 2014. The issue was fully paid and wholly subscribed by PHC1 for cash consideration.

The company used the proceeds to subscribe for a further 72 million £1 ordinary shares in PHC 3 at par.

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

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

Rob Sewell  
Malcolm Thomson

#### **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.

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

**Directors' report for the year ended 31 December 2014 (continued)**

**Auditors**

Following the orderly wind down of KPMG Audit Plc the Board has appointed KPMG LLP as auditors.

On behalf of the board

A handwritten signature in black ink, appearing to read 'M. Thomson', written in a cursive style.

Malcolm Thomson  
*Director*

11 March 2015

## **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 ("IFRSs") as adopted by the European Union ("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 IFRSs 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 2014 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 ("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 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 2014 and of its result 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 matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **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.



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

*Chartered Accountants*

KPMG LLP  
15 Canada Square  
London  
E14 5GL

11 March 2015

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

### **Statement of comprehensive income** *for the year ended 31 December 2014*

The company did not trade during the current or preceding period and accordingly no Statement of comprehensive income is presented.

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 2014*

<b>Year ended 31 December 2014</b>	<b>Share capital £'000</b>	<b>Other reserves £'000</b>	<b>Accumulated surplus £'000</b>	<b>Total £'000</b>
<b>At beginning of year</b>	<b>680,210</b>	<b>-</b>	<b>-</b>	<b>680,210</b>
Ordinary share capital issued for cash	72,000	-	-	72,000
<b>At end of year</b>	<b>752,210</b>	<b>-</b>	<b>-</b>	<b>752,210</b>

<b>Year ended 31 December 2013</b>	<b>Share capital £'000</b>	<b>Other reserves £'000</b>	<b>Accumulated surplus £'000</b>	<b>Total £'000</b>
<b>At beginning of the year</b>	<b>456,210</b>	<b>-</b>	<b>-</b>	<b>456,210</b>
Ordinary share capital issued for cash	224,000	-	-	224,000
<b>At end of year</b>	<b>680,210</b>	<b>-</b>	<b>-</b>	<b>680,210</b>

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



## Pension Holding Company (UK) 2 Limited

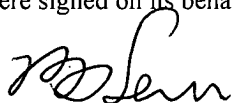
### Statement of Financial Position

as at 31 December 2014

		31 December 2014		31 December 2013	
	Note	£'000	£'000	£'000	£'000
<b>Assets</b>					
<b>Fixed asset investments</b>					
Investment in subsidiary	5		752,211		680,211
<b>Total Assets</b>			752,211		680,211
<b>Equity</b>					
Called up share capital	7	752,210		680,210	
<b>Total Equity</b>			752,210		680,210
<b>Liabilities</b>					
Accruals		1		1	
<b>Total Liabilities</b>			1		1
<b>Total Equity and Liabilities</b>			752,211		680,211

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 11 March 2015 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 2014

#### 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 IFRSs and interpretations adopted by the EU at 31 December 2014, with the exception of the following, which are not yet mandatory;

*Amendment to IFRS 9 – Financial Instruments – Classification and Measurement – effective for accounting periods beginning on or after 1 January 2015.*

*IFRS 15 – Revenue from Contracts with Customers – effective for accounting periods beginning on or after 1 January 2017.*

The Company believes the adoption of the above Accounting Standards will not materially impact the results of the Company.

In 2014 the Company has implemented the following IFRS and amendments, which are now mandatory;

*Implementation of IFRS 10 – Consolidated Financial Statements – effective for accounting periods beginning on or after 1 January 2014. Amendment to IAS 27- Separate Financial Statements*

*Implementation of IFRS 11 – Joint Arrangements – effective for accounting periods beginning on or after 1 January 2014. Amendment to IAS 28 Investments in Associates and Joint Ventures*

*Implementation of IFRS 12 – Disclosure of Interests in Other Entities – effective for accounting periods beginning on or after 1 January 2014.*

*Amendment to IAS 32 – Financial Instruments: Presentation – effective for accounting periods beginning on or after 1 January 2014.*

*Amendment to IAS 36 – Impairment of Assets – effective for accounting periods beginning on or after 1 January 2014.*

*Amendment to IAS 39 – Financial Instruments: Recognition and Measurement – effective for accounting periods beginning on or after 1 January 2014.*

*IFRIC 21 – Levies – effective for accounting periods beginning on or after 1 January 2014.*

There is no material effect on the results of the company arising from these implementations.

##### (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 Pension Corporation Group Limited (“PCG”), a limited company incorporated in Guernsey, which prepares consolidated financial statements in accordance with IFRS. Details of the registered office of PCG 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 2014 (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, (2013: £5,000). This fee is borne by Pension Services Corporation Limited.

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

No director received any remuneration during the year in respect of services to the company (2013: £nil). The company has no employees and therefore incurred no wage or salary costs during the year (2013: £nil).

## Pension Holding Company (UK) 2 Limited

### Notes to the financial statements for the year ended 31 December 2014 (continued)

#### 4. Taxation

The company did not trade during the year and subsequently made neither a profit nor loss in the year (2013: £nil). No taxation is payable on this result.

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

#### 5. Investment in subsidiaries

	£'000
<i>Cost</i>	
At beginning of year	680,211
Additions during the year	72,000
	<hr/>
<b>At end of year</b>	<b>752,211</b>
	<hr/> <hr/>

The company owns 100% of the ordinary share capital of PHC3, an intermediate group holding company and Pension Services Corporation Limited, a service company. Both companies are incorporated in England and Wales.

Additions during the year of £72m comprise the consideration for 72m ordinary shares issued by PHC3 during the year.

#### 6. Risk management

The principal risks and uncertainties facing the company are 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.

PIC has comprehensive systems and procedures in place for managing its business risks which are set out in the group financial statements of PCG (see note 8).

#### 7. Called up share capital

	2013 £'000	2012 £'000
<b>Allotted, called up and fully paid</b>		
752,210,351 (2013: 680,210,351) ordinary shares of £1 each	752,210	680,210
	<hr/> <hr/>	<hr/> <hr/>

The company issued 72 million £1 ordinary shares on 5 June 2014 at par for cash consideration.

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

### **Notes to the financial statements for the year ended 31 December 2013 (continued)**

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

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

The directors regard 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.

The consolidated financial statements of Pension Corporation Group Limited are available to the public and may be obtained from Redwood House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA.