

NOW: Pensions Limited

Annual Report and Financial Statements

For the year ended 31 December 2016

Registered number: 07766398



NOW: Pensions Limited

Annual report and financial statements 2016

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NOW: Pensions Limited

Officers and professional advisers

Directors

Niels Morten Nilsson
Troy Clutterbuck
Henrik Ramlau-Hansen

Secretary

Jamie Warren

Registered Office

3rd Floor
164 Bishopsgate
London
EC2M 4LX

Bankers

Danske Bank
75 King William Street
London
EC4N 7DT

Independent auditor

Deloitte LLP
Abbots House
Abbey Street
Reading
RG1 3BD

NOW: Pensions Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Review of the business

NOW: Pensions Limited (“the company”) manages the day to day affairs in the provision of the Master Trust services to NOW: Pensions Trust (“the fund”), whose pension scheme membership and funds under management has grown significantly during the year. In response to this growth and the resultant operational challenges, the company has substantially increased its investment in the infrastructure of the business. This investment has enabled improvements to its technology platform, increased staff numbers, strengthened senior management team and increased the capacity of its operating centre.

The company and the fund operate under a delegation agreement which entitles the company to charge NOW: Pension Trustee Limited (“NPTL”) a management fee once NPTL becomes profitable and meets other terms and conditions as per the delegation agreement

In addition, the company receives remuneration from participating employers for the provision of services specific to the employer.

The loss for the year ended 31 December 2016 after taxation was £16.6m (31 December 2015 - loss £14.3m).

The board considers the results for the year to be satisfactory and the business is performing well in terms of the growth in the number of participating employers and assets in the fund.

Key performance indicators

The company has key financial and non-financial performance indicators (KPI’s) that assist in assessing the performance of the company. Considered together, these KPI’s give a holistic view of the underlying performance of the company and the alignment with the overall strategy.

Financial KPI’s include: revenue growth 105% (2015 - 53%) and operating loss £16.6m (2015 - £14.3m).

Non-financial KPI’s include the number of participating employers 19,275 (2015: 8,676).

Despite reporting an increased operating loss in 2016, all KPI measures achieved in 2016 were in line with or in excess of corporate targets despite an increasingly challenging business environment.

Principal risks and uncertainties

The company is primarily exposed to operational and reputational risks due to the sector NOW: Pensions operates in and the high growth of the business. With regards to risk appetite and approach, the company is proactive and focused on understanding and managing the risks it is naturally exposed to and actively seeks to mitigate these wherever possible.

To embed risk management throughout the company, NOW: Pensions has a comprehensive governance structure, maintains a detailed risk register, policies and procedures, effective management reporting and controls in place to identify, mitigate and control risks. The investment in the business infrastructure has also improved the business risk management and mitigation.

Financial risk management objectives and policies

The company’s activities expose it to several financial risks including credit risk, price risk and liquidity risk. The company does not use derivative financial instruments for speculative purposes.

Credit risk

Credit risk is the potential for loss caused by a counterparty failing to meet their obligations as they become due. The main counterparty risk for NOW: Pensions is with NPTL and this risk is managed by regular monitoring and forecasting of NPTL’s financial performance and position. Credit risk also exists through participating employers settling the employer charge levied by the company. A provision for doubtful debt is carried across a significant proportion of outstanding monies due from participating employers. The company is not exposed to high levels of credit risk from financial institutions as it only places cash on deposit and investments with a selected list of highly rated counterparties.

NOW: Pensions Limited

Strategic report (continued)

Financial risk management objectives and policies (continued)

Price risk (continued)

Price risk arises from adverse changes to the values of investments arising from changes in exchange rates, interest rates and market prices.

The company only maintains investments in cash and UK Government bonds both denominated in Sterling and thus is not exposed to any significant price risk other than the changes in the market value of its holding of UK Government bonds. There were no holdings of UK Government bonds at the year end.

Liquidity risk

Liquidity risk is both the risk arising from holding investments that cannot be readily realised and converted into cash and the risk that net cash flow is insufficient to meet the funding demands of the business on an ongoing basis.

The company now only maintains investments in cash deposits which are highly liquid investments. The company also traded in UK Government bonds during the year but all investments were disposed of before the year end. UK Government bonds are also highly liquid investments.

The company monitors its net cash flow on an ongoing basis to ensure that it has sufficient cash resources to meet the funding demands of the business. Mid-term forecasting is also undertaken to identify any future cash deficiency to allow time for corrective actions to be taken if required.

Brexit risk

The Brexit vote decision was declared on 23 June 2016 and the post Article 50 provisions are being enacted by UK Government over the next 2 years. The decision therefore leads to uncertainty over what the impact would be on overall economic conditions of UK and the company. We are taking a proactive approach in identifying, monitoring and dealing with any such effects.

Future developments

The directors forecast increased levels of business activity in the forthcoming year rising due to the expected increase in the number of small companies required to stage in compliance with the Auto Enrolment legislation. Furthermore, following the successful launch of the employer charge initiative in November 2015, the company has benefited from this new revenue stream during 2016 and will continue to do so in 2017 and beyond.

The directors believe the investment made in business infrastructure will support the forecast growth, improve customer service and strengthen the underlying systems and controls.

Approved by the Board and signed on its behalf by:



N M Nilsson
Director

21/4 2017

Registered Office

3rd Floor
164 Bishopsgate
London
EC2M 4LX

NOW: Pensions Limited

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report for the year ended 31 December 2016.

Financial risk management and objectives and policies and financial developments can be found in strategic report.

Principal activity

The company's principal activity is to manage the day to day affairs in the provision of Master Trust services on behalf of NPTL and is authorised by the Financial Conduct Authority (FCA) to carry out limited investment advisory and marketing activities to institutional investors.

Events after the balance sheet date

As at the signed date of this annual report, there were no material events after the balance sheet date.

Going concern

The company is assessed as a going concern for the foreseeable future based upon the directors' assessment of the latest business plan and the company's year end total assets less current liabilities of £15.1m.

The overall losses of the company are expected to reduce materially in the next year due to increased member administration charges and funds under management charges from membership growth and the benefit of increased revenue from employer charges introduced in 2015. In addition, the company expects to benefit from receipt of management fees charged to NPTL as it increases its profitability throughout the next year. These revenue streams will contribute to the overall profitability and cash flow position of the company during next year.

Based upon this assessment and after the application of sensitivity analysis, the company will maintain material funding headroom enabling it to continue to meet its liabilities as they fall due and is therefore assessed as going concern for the foreseeable future.

Dividends

The directors do not recommend the payment of a dividend (31 December 2015 - £nil) and the loss for the financial year has been transferred to the profit and loss reserve.

Directors

The directors who served throughout the year, unless otherwise stated, were as follows:

Niels Morten Nilsson

Bo Foged (resigned on 20 April 2017)

Poul Carsten Stendevad (resigned on 30 November 2016)

Alireza Emamy (resigned 26 August 2016)

Troy Clutterbuck (appointed on 11 October 2016)

Henrik Ramlau-Hansen (appointed on 1 December 2016)

Directors' indemnities

There are no directors' indemnities in place.

NOW: Pensions Limited

Directors' report (continued)

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor of the company and a resolution to reappoint them will be proposed at the forthcoming Board Meeting.

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information 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 s418 of the Companies Act 2006.

Approval of reduced disclosures

NOW: Pensions Limited meets the definition of a qualifying entity under FRS 102 paragraph 1.12 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received. NOW: Pensions Limited is consolidated in the financial statements of its parent, Arbejdsmarkedets Tillægspension (ATP), which may be obtained from the company website www.atp.dk. Exemptions have been taken in these separate company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Approved by the Board and signed on its behalf by:



N M Nilsson
Director

21/4 2017

Registered Office

3rd Floor
164 Bishopsgate
London
EC2M 4LX

NOW: Pensions Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 accounting estimates that are reasonable and prudent; 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 for taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NOW: Pensions Limited

Independent auditor's report to the members of NOW: Pensions Limited

We have audited the financial statements of NOW: Pensions Limited for the year ended 31 December 2016 which comprises of the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's member, 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 member 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 the auditor

As explained more fully in the Directors' responsibilities statement, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Strategic Report and the Directors' Report.

NOW: Pensions Limited

Independent auditor's report to the members of NOW: Pensions 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.



Helen Perkins (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom

21 April 2017

NOW: Pensions Limited

Income statement

For the year ended 31 December 2016

		Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
	Note		
Turnover	3	1,255	613
Direct administration and funds under management charges		(2,582)	(2,589)
Gross loss		(1,327)	(1,976)
Administrative expenses		(15,165)	(12,488)
Operating loss		(16,492)	(14,464)
Loss on disposal of investments		(204)	(460)
Investment income		121	626
Interest receivable		32	21
Interest payable and similar charges	7	(21)	(32)
Loss on ordinary activities before taxation	6	(16,564)	(14,309)
Tax on loss on ordinary activities	8	-	-
Loss for the financial year		(16,564)	(14,309)

All the results derive from continuing operations.

Statement of comprehensive income

For the year ended 31 December 2016

		Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Loss for the financial year		(16,564)	(14,309)
Other comprehensive income:			
Adjustment arising on the revaluation of the quoted investments	10	94	(94)
Total comprehensive income for the year		(16,470)	(14,403)

No tax adjustments arose from the revaluation of the quoted investments.

The loss of the financial year and the total comprehensive income for the year are entirely attributable to the equity shareholder of the company.

NOW: Pensions Limited

Statement of financial position At 31 December 2016

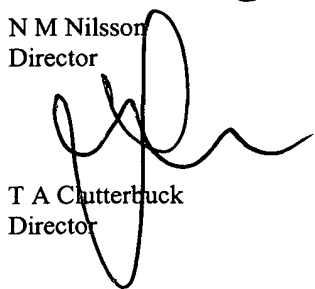
	Note	At 31 December 2016 £'000	At 31 December 2015 £'000
Fixed assets			
Tangible assets	9	352	192
Investments	10	-	-
		<u>352</u>	<u>192</u>
Current assets			
Investments	10	-	9,091
Debtors	11	3,243	5,947
Cash at bank and in hand		14,399	4,176
		<u>17,642</u>	<u>19,214</u>
Creditors: amounts falling due within one year	12	<u>(2,758)</u>	<u>(2,805)</u>
Net current assets		<u>14,884</u>	<u>16,409</u>
Total assets less current liabilities		15,236	16,601
Provisions for liabilities	13	<u>(104)</u>	<u>-</u>
Net assets		<u>15,132</u>	<u>16,601</u>
Capital and reserves			
Called-up share capital	14	26,669	21,668
Share premium account		53,333	43,333
Profit and loss account		<u>(64,870)</u>	<u>(48,400)</u>
Total equity shareholder's funds		<u>15,132</u>	<u>16,601</u>

The financial statements of NOW: Pensions Limited (registered number 07766398) were approved by the board of directors and authorised for issue on 21/4 2017.

They were signed on its behalf by:



N M Nilsson
Director



T A Clutterbuck
Director

NOW: Pensions Limited

Statement of changes in equity At 31 December 2016

	Equity attributable to the equity shareholder of the company			
	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 Jan 2015	16,668	33,333	(33,997)	16,004
Loss for the financial year 2015	-	-	(14,309)	(14,309)
Other comprehensive income:				
Adjustment arising on the revaluation of the quoted investments	-	-	(94)	(94)
Total comprehensive income 2015	-	-	(14,403)	(14,403)
Issue of share capital	5,000	10,000	-	15,000
At 31 December 2015	21,668	43,333	(48,400)	16,601
Loss for the financial year 2016	-	-	(16,564)	(16,564)
Other comprehensive income:				
Adjustment arising on the revaluation of the quoted investments	-	-	94	94
Total comprehensive income 2016	-	-	(16,470)	(16,470)
Issue of share capital	5,001	10,000	-	15,001
At 31 December 2016	26,669	53,333	(64,870)	15,132

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents the cumulative profits or losses, net of dividends and other adjustments.

NOW: Pensions Limited

Notes to the financial statements For the year ended 31 December 2016

1. Accounting policies

General information and basis of accounting

NOW: Pensions Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of NOW: Pensions Limited is considered to be pound sterling because that is the currency of the primary economic environment in which the company operates.

NOW: Pensions Limited meets the definition of a qualifying entity under FRS 102 paragraph 1.12 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received. NOW: Pensions Limited is consolidated in the financial statements of its parent, Arbejdsmarkedets Tillægspension (ATP), which may be obtained from the company website www.atp.dk. Exemptions have been taken in these separate company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Cash flow statement

The company has taken advantage of the wholly owned subsidiary company exemption provided in the Companies Act from preparing a cash flow statement.

Basis of preparation

The company has taken advantage of the exemption provided in the Companies Act from the requirement to prepare consolidated financial statements as the company is a wholly owned subsidiary.

Consequently, these financial statements present the financial position of the company as an individual entity and not a parent of a group.

Going concern

The use of the going concern basis of accounting is appropriate as the directors conclude there are no material uncertainties relating to events or conditions that may cast doubt over the ability of the company to continue as a going concern.

The company is assessed as a going concern for the foreseeable future based upon the directors' assessment of the latest business plan and the company's year end total assets less current liabilities of £15.1m.

The overall losses of the company are expected to reduce materially in the next year due to increased member administration charges and funds under management charges from membership growth and the benefit of increased revenue from employer charges introduced in 2015. In addition, the company expects to benefit from receipt of management fees charged to NPTL as it increases its profitability throughout the next year. These revenue streams will contribute to the overall profitability and cash flow position of the company during next year.

Based upon this assessment and after the application of sensitivity analysis, the company will maintain material funding headroom enabling it to continue to meet its liabilities as they fall due and is therefore assessed as going concern for the foreseeable future.

NOW: Pensions Limited

Notes to the financial statements For the year ended 31 December 2016

1. Accounting policies (continued)

Turnover

Turnover represents the value of services provided for which the company has obtained the right to consideration via performance of its contracted obligations.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Leases

All leases are “operating leases” and the annual rentals are charged to the profit and loss on a straight line basis over the lease term.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Office and computer equipment costing over £1,000 are capitalised.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates and basis of depreciation are as follows:

Computer equipment	3 to 5 years' straight line
Software and other tools	3 to 5 years' straight line
Furniture and fittings	3 to 5 years' straight line
Office equipment	3 years' straight line

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on material timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

NOW: Pensions Limited

Notes to the financial statements For the year ended 31 December 2016

1. Accounting policies (continued)

Investments

Investments in subsidiary undertakings are stated at cost and classified as fixed assets and presented where material. Provision is made for any permanent diminution in the value of fixed asset investments.

Investment in government bonds are stated at market value at close of business on last working day of the year.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified per the substance of the contractual arrangements entered. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

NOW: Pensions Limited

Notes to the financial statements For the year ended 31 December 2016

1. Accounting policies (continued)

Financial assets and liabilities (continued)

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Provisions

The provision for dilapidations reflect obligations under current property leases with the liability recognised either in proportion to the length of lease term expired or in accordance with specific refurbishment requirements.

NOW: Pensions Limited

Notes to the financial statements For the year ended 31 December 2016

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

In making its judgement, management have considered the criteria for the recognition of revenue from the rendering of pension services as set out in FRS 102. The directors are satisfied that the recognition of revenue in the current year is appropriate with revenue recognised in line with the contractual arrangements aligned to the provision of employer services including enrolment, administration, terminations and printing and postage. The directors are satisfied that recognition of the revenue in the current year is appropriate with revenue recognised when the significant risks and rewards have been transferred and, in conjunction with recognition of rectification costs where this is relevant.

3. Turnover

The total turnover of the company for the year and loss on ordinary activities before taxation were all derived from its principal activity, wholly undertaken in the United Kingdom, exclusive of VAT.

Turnover of the company is summarised as below:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Revenue from		
Employer service charges	855	-
Termination fees	126	8
Printing, postage and service charges	274	605
	<hr/> 1,255 <hr/>	<hr/> 613 <hr/>

NOW: Pensions Limited

Notes to the financial statements For the year ended 31 December 2016

4. Staff numbers and costs

	Year ended 31 December 2016 No.	Year ended 31 December 2015 No.
Average number of employees (including directors) was:		
Full Time	175	118
Part Time	4	2
	<u>179</u>	<u>120</u>
	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Staff costs during the year (including directors)		
Wages and salaries	7,190	6,208
Social security costs	757	628
Pension costs	541	612
Share based payment expense	44	-
	<u>8,532</u>	<u>7,448</u>

5. Directors' remuneration and transactions

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Directors' remuneration		
Fees	641	587
Other emoluments	18	3
Share based payment expense	44	-
Pension contributions	33	52
Compensation for loss of office	22	-
	<u>758</u>	<u>642</u>
	No.	No.
The number of directors who:		
Are accruing retirement benefits under a defined contribution scheme	<u>2</u>	<u>2</u>
	£'000	£'000
Remuneration to highest paid director during the year	<u>549</u>	<u>461</u>
	£'000	£'000
Pension contribution for highest paid director during the year	<u>20</u>	<u>42</u>

The director remuneration above relates to emoluments paid from this company. Certain directors are also remunerated from other group companies.

NOW: Pensions Limited

Notes to the financial statements For the year ended 31 December 2016

6. Loss on ordinary activities before taxation

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Loss on ordinary activities before taxation is stated after charging:		
Depreciation charge – owned assets	88	131
Operating lease rentals – land and buildings	421	277
Auditor's remuneration:		
Fees payable for the audit of the company's annual financial statements	28	25

7. Interest payable and similar charges

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Finance and service charges	21	32

NOW: Pensions Limited

Notes to the financial statements For the year ended 31 December 2016

8. Tax on loss on ordinary activities

The tax charge comprises:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Current tax		
United Kingdom corporation tax at 20% (31 December 2015 – 20.25%) based on the loss for the year	-	-

At 31 December 2016, the company had an unrecognised deferred tax asset of £11.1m (31 December 2015: £8.8m) in relation to trading losses carried forward. No asset has been recognised by the directors due to the uncertainty of timing of future profits.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Loss on ordinary activities before taxation	(16,470)	(14,309)
Tax on loss on ordinary activities at standard UK corporation tax rate of 20% (31 December 2015 – 20.25%)	(3,294)	(2,898)
Effects of:		
Disallowed expenses and non-taxable income	33	4
Depreciation in excess of capital allowances	-	17
Other short term timing differences	5	7
Unrecognised tax losses arising in the year	(3,256)	2,870
Total current tax charge for the year	-	-

Factors that may affect future tax charge

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015.

NOW: Pensions Limited

Notes to the financial statements For the year ended 31 December 2016

9. Tangible fixed assets

	Computer equipment & software £'000	Furniture & fittings £'000	Office equipment £'000	Total £'000
Cost				
At 1 January 2016	144	417	22	583
Additions	16	228	5	249
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	160	645	27	832
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
At 1 January 2016	86	288	17	392
Charge for the year	34	52	3	88
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	120	340	20	480
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2016	40	305	7	352
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015	58	129	5	192
	<hr/>	<hr/>	<hr/>	<hr/>

NOW: Pensions Limited

Notes to the financial statements For the year ended 31 December 2016

10. Investments

Fixed investments

	Investment in subsidiary undertakings	
	At 31 December 2016 £	At 31 December 2015 £
At 1 January 2016	5	5
At 31 December 2016	5	5

The company holds 20% or more of the share capital of the following companies:

	Country of registration	Class of holding	Proportion directly held	Nature of business
NOW: Investments Ltd	England	Ordinary	100%	Dormant
NOW: Management Ltd	England	Ordinary	100%	Dormant
NOW: Savings Ltd	England	Ordinary	100%	Dormant
NOW: Pensions Investment Ltd	England	Ordinary	100%	Dormant
NOW: Pensions Management Ltd	England	Ordinary	100%	Dormant

The company also holds 1 B share (2015 – 1) of £1.00 each in NOW: Pension Trustee Ltd. This share has no voting rights, or any other rights, and accordingly is held as a fixed asset investment.

Current investments

	Other investments	
	2016 £'000	2015 £'000
At 1 January	9,091	12,116
Additions	1,420	31,406
Disposals	(10,605)	(34,337)
Change in market value	94	(94)
At 31 December	-	9,091

	At 31 December 2016 £'000	At 31 December 2015 £'000
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Listed investments at market value:

UK GILT 2.0% (dated 22 Jan 2016)	-	1,301
UK GILT 4.0% (dated 7 Sep 2016)	-	7,790
	-	9,091

NOW: Pensions Limited

Notes to the financial statements For the year ended 31 December 2016

11. Debtors

Amounts falling due within one year

	At 31 December 2016 £'000	At 31 December 2015 £'000
Trade debtors	146	115
VAT Receivable	316	366
Other debtors	2,195	4,852
Prepayments	567	470
Accrued income	19	144
	<u>3,243</u>	<u>5,947</u>

12. Creditors: amounts falling due within one year

	At 31 December 2016 £'000	At 31 December 2015 £'000
Trade creditors	911	518
Other taxes and social security	265	240
Accruals	1,582	2,047
	<u>2,758</u>	<u>2,805</u>

13. Provisions for liabilities

	Dilapidation Provisions £'000
Provision at 1 January 2016	-
Increase in provision	104
Provision at 31 December 2016	<u>104</u>

The provision represents the amount of dilapidations expected to be required to reinstate the premises under non-cancellable operating leases to a state as required under the relevant lease.

NOW: Pensions Limited

Notes to the financial statements For the year ended 31 December 2016

14. Called up share capital

	At 31 December 2016 £'000	At 31 December 2015 £'000
Allotted, called up and fully paid:		
26,667,666 Class A ordinary shares (2015: 21,667,666 ordinary shares) of £1 each	26,668	21,668
88,000 (2015: Nil) Class B shares of £0.01 each	1	-
	<u>26,669</u>	<u>21,668</u>

On 30 August 2016, the company issued 5m ordinary £1 shares to its parent company, ATP at a premium of £2 per share over the £ nominal value, that increased the equity capital of the company from £65m to £80m.

On 21 December 2016, a Special Resolution was passed for all the issued £1 ordinary shares to be converted and re-designated as ordinary Class A shares of £1 each. On the same day, the company issued 88,000 Class B shares of £0.01 each at par to its parent company, ATP. On 22 December 2016, ATP sold 44,000 Class B shares to Niels Morten Nilsson, a director of the company, for consideration of £0.01 each.

Class A Shares have full voting rights and such rights attaching to the shares in the company's Articles of Association as adopted from time to time. Class B Shares have no voting rights; however, the shares have such rights attaching to the shares in the company's Articles of Association as adopted from time to time.

15. Financial instruments

The carrying values of the company's financial assets and liabilities are summarised by category below:

	2016 £'000	2015 £'000
Financial assets		
Measured at undiscounted amount receivable		
Listed investments at market value (see note 10)	-	9,091
Trade debtors and accrued income (see note 11)	165	259
Other debtors (see note 11)	2,195	4,852
	<u>2,360</u>	<u>14,202</u>
Financial liabilities		
Measured at undiscounted amount payable		
Trade creditors and accruals (see note 12)	2,493	2,565
	<u>2,493</u>	<u>2,565</u>

The company's income, expense, gains and losses in respect of financial instruments are summarised below:

	2016 £'000	2015 £'000
Interest income and expense		
Total interest expense for financial liabilities at amortised cost	21	32
	<u>21</u>	<u>32</u>

NOW: Pensions Limited

Notes to the financial statements For the year ended 31 December 2016

16. Financial commitments

At 31 December 2016, the company had total future minimum commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2016	2015
	£'000	£'000
Within one year	516	597
Later than one year and not later than 5 years	1,307	1,497
Later than 5 years	1,525	1,851
	<hr/>	<hr/>
	3,347	3,945
	<hr/>	<hr/>

17. Pension costs

The company operates a defined contribution pension scheme whose assets are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company and amounted to £541k (31 December 2015: £612k). Contributions totalling £47k (31 December 2015: £102k) were payable to the fund at the year end and are included in creditors.

18. Related party transactions

Control

During the year, the company was controlled by the directors and by the parent company, Arbejdsmarkedets Tillægspension (ATP). The company is being consolidated in the ultimate parent company accounts of ATP.

Transactions

The company has taken advantage of the exemptions available under FRS 102 Section 33 not to disclose transactions with ATP.

19. Immediate and ultimate controlling party

The immediate and ultimate parent company is ATP, a Pensions Fund company registered in Denmark. ATP is the only member of the group who prepares consolidated accounts and its consolidated accounts are available from the company website www.atp.dk. No one party is considered to have a controlling interest in the ultimate parent company.

20. Subsequent Events

As at the signed date of this annual report, there were no material events after the balance sheet date.