Registered Number 08019046

Pension Services Corporation Limited

Annual Report and Financial Statements
For the year ended 31 December 2013

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Pension Services Corporation Limited

Incorporated and registered in England & Wales Registered Number 08019046

Registered Office The registered office of the Company is 14 Cornhill, London EC3V 3ND, United Kingdom

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Pension Services Corporation Limited

Strategic report for the year ended 31 December 2013

The directors present their strategic report, annual report and the audited financial statements for Pension Services Corporation Limited, registered number 08019046, (the "Company" or "PSC")

Principal activity

The principal activity of the Company is the provision of services and personnel to fellow members of the group headed by Pension Corporation Group Limited ("PCG" or the "Group"), the ultimate parent company It also provides similar services to a number of other external parties

PSC is a wholly owned subsidiary of Pension Holdings Company (UK) 2 Limited ('PHC2") which is a wholly owned subsidiary of PCG

Business Review

The Company was formed on 4 April 2012 and acquired the trading assets and liabilities, including staff contracts, of Cornhill Corporation LLP ("CCLLP"), the former service provider to the Group, on 30 September 2012 The company began trading on 1 October 2012

The comparative figures in these financial statements cover the nine months from incorporation to the Statement of financial position date

The Company made a pre-tax profit for the year of £147,000 *(nine months ended 31 December 2012 £251,000)*

The directors do not recommend a dividend for the year

Further details are included in the Statement of comprehensive income

Strategy

The Company acts as a service provider to a number of companies, primarily those within the PCG group but also some entities outside the group It sets its charging structure for services so as to ensure its own costs of providing these services are fully covered plus a margin for profit

Key Performance Indicators

The Company has identified the following key performance indicators and performance measurement metrics that it considers relevant at this point in its development As the business continues to develop, management will determine whether these indicators remain the most appropriate measures by which to manage the risk and profitability of the business

	Year ended 31 December 2013	Nine months ended 31 December 2012
Measures of profitability		
Cover all costs of the business plus a profit margin	Profit margin 0 3%	Profit margin 2 4%

Principal risks and uncertainties

The principal risks affecting the Company's business and its strategy for managing those risks are set out in detail in Note 11 to the financial statements

On behalf of the Board

John Coomber
Director

13 March 2014

Pension Services Corporation Limited

Directors' report for the year ended 31 December 2013

Directors and their interests

The directors who served during the year were

John Coomber
Rob Sewell

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company

Creditors policy

The Company's policy in relation to its suppliers is to set the terms of payment at 30 days and to abide by those terms, provided that it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions Where specific terms and conditions have been agreed which vary from the Company's standard payment terms, it accepts responsibility to comply with them

Political and charitable contributions

The Company made no political donations during the year The Company made charitable contributions of £18,000 *(2012 nil)*

Employees

Employment of disabled persons

It is the policy of the Company to encourage good employment practices with regard to disabled persons, in accordance with government recommended guidelines Where existing staff become disabled, it is the policy of the Company, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled staff wherever appropriate

Training and development

As part of its business planning process, the Company continues to place emphasis on the development and training of its staff, to meet its needs both now and in the future

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

Auditor

KPMG Audit Plc has instigated an orderly wind down of business The Board has decided to recommend KPMG LLP to be appointed as auditors and a resolution concerning their appointment will be presented to a forthcoming Board meeting

On behalf of the Board

John Coomber
Director

13 March 2014

Pension Services Corporation Limited

Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 year In preparing these financial statements, the directors are required to

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

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

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

Report of KPMG Audit Plc to the members of Pension Services Corporation Limited

Independent auditor's report to the members of Pension Services Corporation Limited.

We have audited the financial statements of Pension Services Corporation Limited for the year ended 31 December 2013 set out on pages 8 to 20 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

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

Respective responsibilities of directors and auditor

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

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 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Report of KPMG Audit Plc to the members of Pension Services Corporation Limited

Independent auditor's report to the members of Pension Services Corporation Limited.

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 Audit Plc, Statutory Auditor

Chartered Accountants

KPMG Audit Plc
15 Canada Square,
London,
E14 5GL

13 March 2014

Pension Services Corporation Limited

Statement of comprehensive income
for the year 31 December 2013

	Note	Year ended 31 December 2013 £000	Nine months ended 31 December 2012 £000
Revenue		**45,963**	10,314
Operating expenses	*2-4*	**(45,816)**	(10,063)
Profit before taxation		**147**	251
Income tax charge	*5*	**(270)**	(33)
Profit for the year/period		**(123)**	218
Other comprehensive income		**-**	-
Total comprehensive income		**(123)**	218

The amounts shown above are in respect of continuing operations

The accounting policies and notes on pages 12 to 20 form an integral part of these financial statements

Pension Services Corporation Limited

Statement of changes in equity
for the year ended 31 December 2013

31 December 2013	**Share Capital £000**	**Accumulated surplus £000**	**Total £000**
At beginning of year	**1**	**218**	**219**
Total comprehensive income for the year	**-**	**(123)**	**(123)**
At end of year	**1**	**95**	**96**

31 December 2012	Share Capital £000	Accumulated surplus £000	Total £000
Initial capital subscribed	1	-	1
Total comprehensive income for the period	-	218	218
At end of period	1	218	219

The accounting policies and notes on pages 12 to 20 form an integral part of these financial statements

Pension Services Corporation Limited

Statement of financial position
as at 31 December 2013

	Note	31 December 2013		31 December 2012	
		£000	**£000**	£000	£000
Non-current assets					
Property, plant and equipment	*6*	**490**		496	
Intangible assets	*7*	**1,315**		1,563	
Deferred tax asset	*9*	**24**		-	
			1,829		2,059
Current assets					
Trade and other receivables	*8*	**20,825**		4,347	
Cash and cash equivalents		**393**		839	
			21,218		5,186
Total Assets			**23,047**		7,245
Equity					
Share capital	*12*	**1**		1	
Accumulated surplus	*13*	**95**		218	
Total Equity			**96**		219
Current Liabilities					
Trade and other payables	*10*	**834**		775	
Accruals		**21,933**		6,218	
Current taxation		**184**		33	
Total Liabilities			**22,951**		7,026
Total Equity and Liabilities			**23,047**		7,245

The accounting policies and notes on pages 12 to 20 form an integral part of these financial statements

The financial statements were approved by the directors on 13 March 2014 and were signed on its behalf by

Rob Sewell
Director

Pension Services Corporation Limited

Statement of cash flows
for the year ended 31 December 2013

	Note	Year ended 31 December 2013		Nine months ended 31 December 2012	
		£000	**£000**	£000	£000
Cash flows from operating activities					
(Loss)/profit for the year/period			**(123)**		218
Adjustments for non-cash movements.					
Depreciation		**515**		139	
Amortisation of intangible assets		**844**		193	
Movement in tax provisions		**270**		33	
			1,629		365
Changes in operating assets and liabilities					
Acquisition of property, plant and equipment from CCLLP		**-**		(607)	
Acquisition of intangible assets from CCLLP		**-**		(1,684)	
Increase in receivables		**(16,478)**		(4,347)	
Increase in other payables		**59**		775	
Increase in accruals		**15,715**		6,218	
			(704)		355
Cash inflow from operating activities			**802**		938
Investing activities					
Acquisition of tangible fixed assets		**(509)**		(28)	
Acquisition of intangible assets		**(596)**		(72)	
Cash outflow from investing activities			**(1,105)**		(100)
Financing activities					
Proceeds from issue of share capital			**-**		1
Taxation					
Taxation paid			**(143)**		-
Net (decrease)/increase in cash and cash equivalents			**(446)**		839
Cash and cash equivalents at beginning of year			**839**		-
Cash and cash equivalents at end of year			**393**		839

The accounting policies and notes on pages 12 to 20 form an integral part of these financial statements

Pension Services Corporation Limited

Notes to the financial statements for the year ended 31 December 2013

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") and those parts of the Companies Act 2006 applicable to companies reporting under IFRS As this is the first year of trading, no comparatives have been presented

The Company has applied all IFRSs and interpretations adopted by the EU at 31 December 2013, with the exception of the following, which are not yet 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 IFRS 9 – Financial Instruments – Classification and Measurement – effective for accounting periods beginning on or after 1 January 2015

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

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

In 2013 the company has implemented the following IFRS and amendments, which are now mandatory,

Implementation of IFRS 13 – Fair value management – effective for accounting periods beginning on or after 1 January 2013

Amendment to IAS 1 – Presentation of financial statements – effective for accounting periods beginning on or after 1 July 2012

Amendment to IAS 19 – Employee benefits – effective for accounting periods beginning on or after 1 January 2013

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

(b) Revenue

Revenue comprises amounts invoiced for services provided by the Company exclusive of value added tax

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses

Depreciation is charged to write off the cost, less any residual value, of property, plant and equipment to the Statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item Land is not depreciated The estimated useful lives are as follows

Office equipment	-	3 years
Leasehold improvements	-	equal installments over the term of the lease
Fixtures and fittings	-	equal installments over the term of the lease

1. **Accounting policies (continued)**

(d) Intangible assets

Intangible assets comprise software that is separable and not integral to hardware platforms Software is stated at cost less accumulated amortisation and impairment losses Externally acquired computer software is capitalised and amortised on a straight-line basis over its useful economic life of 3 years

Costs relating to development of software for internal use are capitalised once the software is technically feasible and the Group has sufficient resources to complete development When the software is available for its intended use, these costs are amortised over the estimated useful life of the software

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash balances, including any overdrawn balances, and deposits held at call with banks with less than 90 days maturity from date of acquisition

(f) Foreign currencies

The functional currency of the Company is pounds sterling The Company has chosen to present its financial statements in this currency

Assets and liabilities denominated mainly in a foreign currency are translated into the functional currency at the foreign exchange rate ruling at the end of the financial year All revenue and expense items are reflected in the Statement of comprehensive income at the rate effective at the date the transaction took place

(g) 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

(h) Employee benefits

Defined contribution pension plan

The Company operates a defined contribution pension plan into which it matches the employee contributions up to 5% of qualifying salary Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of comprehensive income in the period during which the related services are rendered by employees

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease Lease incentives received are recognised in the Statement of comprehensive income as an integral part of the total lease expense and are spread on a straight-line basis over the lease term

Pension Services Corporation Limited

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

2. Operating expenses

Operating expenses include the following charges

	Year ended 31 December 2013 £000	Nine months ended 31 December 2012 £000
Depreciation of property, plant and equipment	515	139
Amortisation of intangible assets	844	193
Operating lease rentals payable		
- Property	1,495	266
- Equipment	6	24
Auditor's remuneration		
- Audit of these financial statements	19	8

All depreciation of property, plant and equipment relates to assets owned by the Company

3. Staff headcount and expenses

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows

	Year ended 31 December 2013 No	Nine months ended 31 December 2012 No
Employees	92	85
Directors	2	2

The aggregate payroll cost of these persons was as follows

	Year ended 31 December 2013 £000	Nine months ended 31 December 2012 £000
Wages and salaries	14,613	5,838
Social security costs	1,854	800
Pension costs	284	63
	16,751	6,701

All of the above costs were recharged to Group companies and other customers from outside the Group

4 Directors' emoluments

	Year ended 31 December 2013 £000	Nine months ended 31 December 2012 £000
Directors' emoluments	40	10
Pension contributions	14	-
	1,345	10

All other emoluments paid to the directors were in respect of their services to Pension Insurance Corporation limited ("PIC")

The aggregate emoluments of the highest paid director were £20,000 *(2012 £5,000)* The Company made no pension contributions on his behalf

One director had contributions into a money purchase pension scheme during the year *(2012 one)*

5. Income tax

	Year ended 31 December 2013 £000	Nine months ended 31 December 2012 £000
Current taxation		
Income tax payable for the current year/period	294	33
Total current tax	294	33
Deferred taxation		
Recognition of deferred tax asset on temporary timing differences	(24)	-
Total deferred tax	(24)	-
Income tax charge	270	33

The current tax charge for the year is higher *(2012 lower)* than the standard rate of corporation tax in the United Kingdom of 23 25% *(2012 24%)* The differences are explained below

	Year ended 31 December 2013 £000	Nine months ended 31 December 2012 £000
Reconciliation of total income to the applicable tax rate		
Profit before taxation	147	251
Income tax at 23 25% (2012 24%)	34	60
Effects of		
Expenses not deductible for tax purposes	117	2
Excess of capital allowances over depreciation	33	(29)
Deferred tax asset on temporary timing differences	(24)	-
Prior year under provision	110	-
Income tax charge	270	33

6. Property, plant and equipment

Fixtures, equipment and vehicles	**31 December 2013**
	£000
Cost	
At beginning of year	**2,840**
Additions during the year	509
At end of year	**3,349**
Depreciation	
At beginning of year	**2,344**
Charge for the year	515
At end of year	**2,859**
Net book value	
31 December 2013	**490**
31 December 2012	496

7. Intangible assets

Computer software	**31 December 2013**
	£000
Cost	
At beginning of year	**6,645**
Additions during the year	596
At end of year	**7,241**
Depreciation	
At beginning of year	**5,082**
Charge for the year	844
At end of year	**5,926**
Net book value	
31 December 2013	**1,315**
31 December 2012	1,563

8. Trade and other receivables

	31 December 2013 £000	31 December 2012 £000
Amounts due from fellow group undertakings	19,790	3,796
Other debtors	29	15
Prepayments	1,006	536
	20,825	4,347

All amounts due from fellow group companies are due within one year The balance includes £19,432,000 due from PIC for services provided during the year The balance is due within one year Details of balances with other group companies are included in note 14

9. Deferred tax

At 31 December 2013 the Company's deferred tax balances calculated in accordance with IAS 12 *"Income Taxes"* were as follows

	Asset £'000	Liability £'000	Total £'000
31 December 2013			
Additional reserves	24	-	24
31 December 2012			
Additional reserves	-	-	-

The movement in the deferred tax balance during the year was as follows

	31 December 2013 £'000	31 December 2012 £'000
At beginning of year	-	-
Recognition of deferred tax liability on temporary timing differences	24	-
At end of year	24	-

Deferred tax assets are recognised to the extent that they are regarded as recoverable, that is to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that sufficient future taxable profits will arise from which the underlying temporary differences can be deducted

The Budget of 20 March 2013 included provisions to reduce the UK corporation tax rate to 20% with effect from 6 April 2015 This rate has been used in calculating the rate at which timing differences are likely to reverse

Pension Services Corporation Limited

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

10 Trade and other payables

	31 December 2013 £000	31 December 2012 £000
Trade payables	**493**	756
Other taxes and social security	**341**	19
	834	775

11. Risk management

As a provider of services and personnel to a number of companies, both related and external to the Group, the Company's business involves the acceptance and management of risk to achieve its strategic objectives

The principal risk factors which affect the Company's operating results and financial condition are financial risks which include credit risk and liquidity risk, and other risks which include staff capabilities and operational risk

The directors have overall responsibility for the management of the exposure to these risks

Credit risk

Credit risk is the risk of loss due to the default of another party in performing its financial obligations to the Company

The Company's main customer is PIC which is authorised by the Prudential Regulatory Authority ("PRA") to write long term insurance business As a result PIC is subject to the regulatory capital requirements set by the PRA for all member firms that set a minimum ratio by which the assets of members firms must exceed their liabilities PIC continually monitors its compliance with the requirements so as to ensure it can meet its liabilities, including amounts due to PSC for services

Liquidity risk

The Company incurs many of its expenses in advance of billing its customers The potential liquidity risk is managed within a flexible group funding strategy on the basis of the Company's cash flow forecasts which ensure that cash for services provided is received in time for payments in respect of salaries and suppliers to be settled on a timely basis

Staff capabilities and retention

The Company recognises that it must continue to attract, retain and motivate the best staff with the right capabilities at all levels of the business The Company redrafted its staff policy in September 2012 It is committed to reviewing these policies on a regular basis and investing in training, development, succession planning and financial incentives for staff

11. Risk management (continued)

Operational risk

Operational risk is the potential for loss resulting from inadequate or failed internal processes, people and systems, or from external events The Company's internal control processes are supported by the maintenance of a central risk register and an independent internal audit review The risk of internal fraud is managed through a number of processes including the screening of staff at recruitment, a continuous training programme, segregation of duties and whistle-blowing policies

The Company has significant outsourcing arrangements for the administration of payrolls and certain other functions These arrangements are subject to agreements with formal service levels, operate within agreed authority limits and are subject to regular review by senior management

Emergency and business continuity plans have also been established to counter external occurrences which may disrupt the business

12. Share capital

The allotted, called up and fully paid share capital of the Company is

	31 December 2013 £000	31 December 2012 £000
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	**1**	1

13. Reserves

Accumulated surplus	31 December 2013 £000	31 December 2012 £000
At beginning of year/period	218	-
Total comprehensive income	**(123)**	218
At end of year/period	**95**	218

14. Related party transactions

Throughout the year ended 31 December 2013, the Company was part of a group headed by PCG This is the largest group of which the Company is a member and for which group financial statements are prepared

The directors therefore regard PCG as the ultimate parent and ultimate controlling party and all other entities within this group to be related parties

a) Transactions with PIC

The Company is a provider of services and personnel to PIC The total amount invoiced to PIC for the services received during the year was £45,709,000 *(nine months ended 31 December 2012 £10,202,784)* At 31 December 2013 the Company had an outstanding debt due from PIC of £19,432,000 *(2012 £3,694,735)* in respect of the charge for services provided during the year This amount is due within one year

b) Transactions with PCG

The Company has an outstanding debt of £247,000 *(2012 £100,000)* due from PCG at 31 December 2013 in respect of temporary funding of PCG expenses

c) Transactions with PHC 2

At the balance sheet date the Company was owed £1,000 *(2012 £1,000)* by PHC 2 in respect of unpaid share capital

15. Parent company and ultimate controlling party

The Company is a wholly owned subsidiary of Pension Holdings Company (UK) 2 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 Ogier House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA