IGNIS FUND MANAGERS LIMITED

Company Registration Number: SC85610

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2013

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Directors' report

Company Registration No: SC85610

Country of incorporation: Scotland

Registered Office:
50 Bothwell Street
Glasgow
G2 6HR

The Directors present their Report and Financial Statements of Ignis Fund Managers Limited ("the Company") for the year ended 31 December 2013.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS').

Principal activities
The principal activity of the Company is the management of Unit Trusts and Individual Savings Accounts (ISAs) investing solely in Unit Trusts.

The Company is a private limited company whose principal place of business is the UK. The Company is authorised and regulated by the Financial Conduct Authority.

The Company is a member of the Ignis Asset Management Group of companies. The Ignis Asset Management Group itself is a member of The Phoenix Group.

Result and dividends
The result of the Company for the year is shown in the statement of comprehensive income on page 9. The profit before tax was £3,812,000 (2012: £2,932,000).

No dividends were paid during the year (2012:£nil).

Subsequent events
On 25 March 2014, The Phoenix Group and Standard Life Investments signed a disposal agreement under which Standard Life Investments agreed to acquire the entire issued share capital of the Ignis Asset Management Group. The transaction is subject to, amongst other things, Financial Conduct Authority approval. This new transaction has no impact on the Company's financial results for the year ending 31 December 2013.

Going concern
The Board has followed the UK Financial Reporting Council's "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009" when performing their going concern assessment. As part of its comprehensive assessment of whether the Company is a going concern, the Board has prepared cash flow forecasts for the Company for the foreseeable future based on annual operating plan profits, under both normal and stressed conditions. In addition the Board has also considered the cash position of the Ignis group, Parent company financial position, and contingent liabilities.

As a result of this review, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of signing of the accounts. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors and their interests
The names of those individuals who served as Directors of the Company during the year or who held office as at the date of signature of this report are as follows:

C Bannister, Chairman
C Samuel
C Fellingham
C Chene
J McConville
E Stobart, Independent Non-Executive Director – appointed 31 October 2013
D Watts, Independent Non-Executive Director – appointed 31 October 2013
G Hotson – appointed 11 November 2013
T Roberts – resigned 29 January 2013

Company Secretary
S Griffin acted as Secretary throughout the year.

Disclosure of indemnity
Qualifying third party indemnity arrangements (as defined in section 234 of the Companies Act 2006) were in force for the benefit of the Directors of the Company during the year and remain in place at the date of approval of this report.

Disclosure of information to auditors
So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware, and each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

Re-appointment of auditors
In accordance with section 487 of the Companies Act 2006, the Company's auditors, Ernst & Young LLP, will be deemed to have been re-appointed at the end of the period of 28 days following circulation of copies of these financial statements as no notice has been received from members pursuant to section 488 of the Companies Act 2006 prior to the end of the accounting reference period to which these financial statements relate.

On behalf of the Board

Stephanie Griff.

S GRIFFIN
Company Secretary
25 March 2014

Strategic Report

Strategy

The Phoenix Group aims to be the saver-friendly, industry solution for the safe, innovative and profitable management of closed life funds.

The Ignis Asset Management Group's vision is to become a leading asset management business committed to performance excellence and innovation where talented people want to work and most importantly, where clients want to invest their money.

In line with this, the business strategy has four goals:

- Meeting or exceeding the investment performance expectations of Ignis' clients;
- Working with clients to provide creative solutions to changing product needs;
- Maintaining a well-controlled and efficient operating platform;
- As a result, developing further as a leading asset manager.

This strategy is underpinned by :

- Innovative people focused on Ignis' clients and provided with the freedom to perform;
- A partnership culture that ensures clear accountability and supports both the work within Ignis and with Ignis' clients and counterparties;
- Processes and technology to identify risks and opportunities;
- Stability that comes from a strong governance and control culture.

The development of a profitable and growing third party business remains a key objective of the Ignis Asset Management Group.

Corporate activity

During the course of the 2013, several funds were launched under the Bothwell brand, for the specific use of Phoenix Group Life Companies. The funds launched were: Tactical Asset Fund in March 2013 and Floating Rates and Global Credit in December 2013. Also In December 2013, the Company launched Euro denominated share classes in the European Smaller Companies Fund. The Company continues to seek to identify other opportunities for both new wholesale and institutional collectives.

On 28 May 2012, Ignis Investment Services Limited, a fellow group entity, sold part of its business to HSBC Bank plc ("HSBC"). This comprised investment operations, fund accounting and other related activities, and resulted in a transfer of 147 roles to HSBC in both London and Glasgow on that date. The transition of the remaining activities, systems and processes will continue throughout the course of 2014.

On 27 July 2013, Schemes of Arrangement transferred the assets and clients of the Cartesian UK Opportunities Fund to Cartesian Capital Partners LLP. The Company ceased to act as Authorised Fund Manager on 27 July 2013. This was following a re-structuring of the joint venture arrangements between Cartesian Capital Partners LLP and Ignis.

Principal risks and uncertainties

The Ignis Risk Management framework provides a structured approach for identifying, assessing, controlling and monitoring risk within the Ignis Asset Management Group. The main risks to the Company's financial performance are loss of key investment management mandates and reductions in fees due to significant market movements. The key financial risks the Company is exposed to are market risk, credit risk and liquidity risk. The Company does not apply hedge accounting. Financial risk management is discussed within note 20 to the financial statements.

Key Performance Indicators ("KPIs")
To understand the development, performance and position of the Ignis Asset Management Group we use the following KPIs:

- Ignis assets under management as at 31 December 2013 are £65.9bn (2012: £68.3bn) (this includes £6.8bn (2012: £9.3bn) of assets managed as collateral received for the Phoenix Life Companies stock lending programme). Ignis also provides advice and administration on assets totalling £6.8bn (2012: £7.0bn);
- Profit before tax for the Ignis Asset Management Group in 2013 is £49m (2012: £43m);
- Net sales for 2013 are £1.9bn (2012: £1.6bn); and
- As at 31 December 2013, total assets outperforming above benchmark or peer group are 85% (2012: 79%).

Future developments
The Company will continue to focus on delivering the key elements of its strategy. In achieving this, the Company seeks to grow profitability through growing third party business across its wholesale, institutional and international channels. This, together with outperformance of the funds managed by the Company, is key to the growth in profitability.

Under the new Alternative Investment Fund Managers Directive, which was transposed into national law by 22 July 2013 and has a deadline for transitional period implementation of 22 July 2014, it is intended that the Company will be designated as an Alternative Investment Fund Manager. An application for the variation of permissions was submitted to the Financial Conduct Authority on 22 January 2014.

On behalf of the Board

S GRIFFIN
Company Secretary
25 March 2014

Statement of Directors' responsibilities in relation to the Company's Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable United Kingdom law and International Financial Reporting Standards as adopted by the European Union.

Company Law requires the directors to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss for that financial year. In preparing those Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- state that the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IGNIS FUND MANAGERS LIMITED

We have audited the financial statements of Ignis Fund Managers Limited for the year ended 31 December 2013 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statements of Changes in Equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 7, 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 and Financial Statements 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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Ernst & Young LLP

Amarjit Singh (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
25 March 2014

Statement of comprehensive income
for the year ended 31 December 2013

	Notes	2013 £000	2012 £000
Revenue			
Fees and other income	3	15,157	15,172
Net investment income	4	898	1,392
Total income		16,055	16,564
Administrative expenses	5	(12,243)	(13,632)
Profit for the year before tax		3,812	2,932
Tax charge	9	(931)	(684)
Profit for the year attributable to owners		2,881	2,248
Other comprehensive income		-	-
Total comprehensive income for the year attributable to owners		2,881	2,248

Statement of financial position
as at 31 December 2013

	Notes	2013 £000	2012 £000
Equity attributable to owners			
Share capital	10	1,308	1,308
Share premium	11	520	520
Retained earnings		9,523	6,642
Total equity		11,351	8,470
Current liabilities			
Trade & other payables	12	11,650	6,156
Total current liabilities		11,650	6,156
Total equity and liabilities		23,001	14,626
Non-current assets			
Deferred tax	13	-	42
Total non-current assets		-	42
Current assets			
Financial assets	15	420	733
Trade & other receivables	16	12,839	7,495
Cash and cash equivalents	17	9,742	6,356
Total current assets		23,001	14,584
Total assets		23,001	14,626

On behalf of the Board

Chris Samuel

25 March 2014

Company Registration No: SC85610

Statement of cash flows
for the year ended 31 December 2013

	Notes	2013 £000	2012 £000
Cash flows from operating activities			
Cash generated/(absorbed) by operations	18	3,386	(2,821)
Net cash flows from operating activities		3,386	(2,821)
Net increase/(decrease) in cash and cash equivalents		3,386	(2,821)
Cash and cash equivalents at the beginning of the year		6,356	9,177
Cash and cash equivalents at the end of the year	17	9,742	6,356

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

	Share capital (note 10) £000	Share premium (note 11) £000	Retained earnings £000	Total £000
At 1 January 2013	1,308	520	6,642	8,470
Profit for the year	-	-	2,881	2,881
Total comprehensive income for the year	-	-	2,881	2,881
At 31 December 2013	1,308	520	9,523	11,351

	Share capital (note 10) £000	Share premium (note 11) £000	Retained earnings £000	Total £000
At 1 January 2012	1,308	520	4,394	6,222
Profit for the year	-	-	2,248	2,248
Total comprehensive income for the year	-	-	2,248	2,248
At 31 December 2012	1,308	520	6,642	8,470

Notes to the financial statements

1. Accounting policies

(a) Basis of preparation
The financial statements have been prepared on a historical cost basis except for the stock of units which are carried at fair value.

The financial statements are presented in sterling (£) rounded to the nearest £000 except where otherwise stated.

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by an international financial reporting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

(b) Critical accounting estimates and judgements
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of the Company's business that typically requires such estimates relate to the determination of the fair value of financial assets and income taxes.

Fair value of financial assets
The fair values of financial assets are classified and accounted for as set out in accounting policy (f). All financial assets are categorised as Level 1 financial instruments and do not involve estimates.

Income taxes
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 the available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which the losses can be relieved. The UK taxation regime applies separate rules to trading and capital profits and losses. The distinction between temporary differences that arise from items of either a capital or trading nature may affect the recognition of deferred tax assets. Any judgements made, and uncertainties considered, in arriving at the carrying values of deferred tax assets and liabilities in the financial statements are discussed in note 13.

The accounting policy for income taxes (both current and deferred taxes) is discussed in more detail in accounting policy (c).

(c) Income tax
Income tax comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the date of the statement of financial position together with adjustments to tax payable in respect of previous years.

Deferred tax is provided for on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not provided in respect of temporary differences arising from the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting nor taxable profit. 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 and laws enacted or substantively enacted at the period end.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(d) Foreign currency transactions
Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rate at the period end. Income and expenses denominated in foreign currencies are translated at the prevailing rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(e) Employee benefits

Defined contribution plans
Employees of the Company are members of the Phoenix Group Pension Scheme which now comprises only a defined contribution section; the defined benefit section was closed for future accrual on 30 June 2011. Please refer to note 14 for further details.

Defined contribution pension plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

Defined benefit scheme
The Company did not make any contributions to the defined benefit scheme and all costs were borne by Pearl Group Holdings (No 1) Limited, a fellow Phoenix Group company. For details of the closure of the defined benefit scheme please refer to note 14.

The assets of the defined benefit section (the scheme) are held in a trustee administered fund. An independent actuary carries out a valuation of the scheme every three years and contributions to the scheme are paid in accordance with his recommendations after consultation with the sponsoring employers.

(f) Financial assets
Units in Unit Trusts and shares in Open Ended Investment Companies managed by the Company for subsequent sale are treated as financial assets held at fair value through profit or loss and are stated at the cancellation price.

A financial asset classified in this category may be either held for trading or otherwise designated as held at fair value on inception. The assets are recognised initially at fair value and transaction costs are taken directly to the statement of comprehensive income. Gains and losses arising from changes in fair value are included directly in the statement of comprehensive income. The assets are derecognised when the rights to receive cash flows have expired or the entity has transferred substantially all the risk and rewards of ownership.

Fair value estimation
For units in Unit Trusts and shares in Open Ended Investment Companies, fair value is by reference to published prices.

(g) Cash and cash equivalents
Cash comprises cash balances held with at least BBB+ rated banks (Standard & Poor's rating).

(h) Dividends
Final dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's owners. Interim dividends are deducted from equity when they are paid.

Dividends for the year that are approved after the reporting period are dealt with as an event after the reporting period.

(i) Income recognition
Revenue is derived primarily from business transacted in the UK.

(i) **Management fees**
Fund management based fees are amounts due for management and registration fees charged to the funds under management less rebates payable. They are recognised as the services are provided. Income is measured at the fair value of the consideration received or receivable.

(ii) **Interest income**
Interest income is recognised in the statement of comprehensive income as it accrues using the effective interest method

(j) Share capital

Ordinary share capital
The Company has issued ordinary shares which are classified as equity.

(k) Share premium
The share premium account includes any excess contribution received on the initial issuing of the share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the share premium account.

(l) Events after the reporting period
The financial statements are adjusted to reflect significant events that have a material effect on the financial results and that have occurred between the period end and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the period end. Events that are indicative of conditions that arise after the period end that do not result in an adjustment to the financial statements are disclosed.

2. Financial information

The financial statements for the year ended 31 December 2013, set out on pages 9 to 23, were authorised by the Board of Directors for issue on 12 March 2014.

In preparing the financial statements the Company has adopted the following standards, interpretations and amendments which have been issued by the International Accounting Standards Board ('IASB') and have been adopted for use by the EU. None of these have a material effect on the results of the Company.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1 *Presentation of financial Statements*) (2013). The amendment requires companies to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement and disclose them separately from those that will not be reclassified.
- IFRS 13 *Fair Value Measurement* (2013) defines fair value and sets out in a single IFRS a framework for measuring fair value.
- Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7 *Financial Instruments: Disclosures*) (2013). The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements. The new disclosure requirements are intended to help users of financial statements better assess the effect or potential effect of offsetting arrangements on an entity's financial position.
- Annual Improvements to IFRS 2009-2011 cycle (2013). This makes a number of minor improvements to existing standards and interpretations.

The IASB has issued the following standards, interpretations and amendments which, subject to adoption for use by the EU, apply from the dates shown. The Company has decided not to early adopt any of these standards, interpretations or amendments where this is permitted. The impact on the Company of adopting them is subject to evaluation:

- IFRS 9 *Financial Instruments.* This is the first two parts of a replacement standard for IAS 39 *Financial Instruments: Recognition and Measurement* and deals with the classification and measurement of financial assets and financial liabilities, including some hybrid contracts. The mandatory effective date of 2015 has been removed and will be revisited upon completion of all phases of IFRS 9.
- IFRS 12 *Disclosure of Interests in Other Entities* (2013) combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.
- IAS 27 *Separate Financial Statements* (Revised) (2013). IAS 27 now only deals with the requirements for separate financial statements, which have been carried over largely un-amended from IAS 27 *Consolidated and Separate Financial Statements.* Requirements for consolidated financial statements are now contained in IFRS 10 *Consolidated Financial Statements.*
- IAS 28 *Investments in Associates and Joint Ventures* (Revised) (2013). This standard supersedes IAS 28 *Investments in Associates* and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

- Transition Guidance (Amendments to IFRS 12) (2013).
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36 *Impairment of Assets*) (2014). Modifications to the disclosures required by IAS 36 have been made as a result of the requirement of IFRS 13.
- Annual Improvements to IFRS 2010-2012 cycle (2013). This makes a number of minor improvements to existing standards and interpretations.
- Annual Improvements to IFRS 2011-2013 cycle (2014).

When IFRS 10, IFRS 11, IFRS 12, IAS 28 (Revised) and the consequential amendments to these were issued by the IASB the effective date of these standards was 1 January 2013. However, the EU endorsed these standards to be effective from 1 January 2013, with early adoption permitted. The Company currently intends to adopt these standards effective for the period commencing on 1 January 2014.

In addition, the following standards, interpretations and amendments have been issued but are not currently relevant to the Company:

- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (2013).
- IFRIC 21 *Levies* (2014).
- Government Loans (Amendments to IFRS 1) (2013).
- IFRS 10 *Consolidated Financial Statements* (2013).
- Investment Entities (Amendments to IFRS 10) (2013).
- IFRS 11 *Joint Arrangements* (2013).
- Transition Guidance (Amendments to IFRS 10 and IFRS 11) (2013).
- IAS 19 *Employee Benefits* (Amendment) (2013).
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39 *Financial Instruments: Recognition and Measurement*) (2014).

3. Fees and other income

	2013 £000	2012 £000
Registration fees	779	876
Management fees	41,812	43,425
Less: rebates to fellow subsidiaries	(18,371)	(18,924)
Less: rebates to third parties	(9,063)	(10,205)
	15,157	15,172

4. Net investment income

	2013 £000	2012 £000
Interest income	26	20
Dividend Income	8	6
Gain on sale of units	864	1,366
	898	1,392

Analysis of gain on sale of units

	2013 £000	2012 £000
Sales of units	3,827,251	2,314,977
Cost of sales of units	(3,826,387)	(2,313,611)
	864	1,366

5. Administrative expenses

	2013 £000	2012 £000
Portfolio fee paid to Ignis Investment Services Limited, fellow subsidiary	2,442	2,187
Management expenses	4,165	5,479
Employee costs	5,046	5,294
Commission expenses	590	672
	12,243	13,632

The Company has no direct employees (2012: nil).

6. Employee Costs

	2013 £000	2012 £000
Wages and salaries	4,243	4,434
Pension costs	399	441
Social security costs	404	419
	5,046	5,294

All staff are employed by Ignis Investment Services Limited, a fellow Group entity, and the staff costs are recharged on the basis of the duties performed for the Company.

The average number of staff was 79 (2012: 86). The financial statements of Ignis Investment Services include an analysis of employees by department.

7. Directors' remuneration

	2013 £000	2012 £000
Salaries and other short term benefits	200	289
Termination benefits	-	-
Remuneration (excluding pension contributions and awards under share option schemes and other long-term incentive schemes)	200	289
Post-employment benefits	26	41
Phantom share-based payments	-	-
	26	41
Number of Directors who:		
- are members of a defined benefit pension scheme	-	-
Highest paid Director's remuneration	63	77
Termination benefits	-	-
	63	77
Total pension contributions	9	11

8. Auditors' remuneration

The remuneration of the auditors of the Company in respect of services supplied to entities included in the financial statements was £75,000 (2012: £62,000).

	2013	2012
	£000	£000
Audit of the financial statements	56	54
Other services provided pursuant to legislation	19	8
	75	62

The remuneration receivable by the Company's auditors for auditing the 2013 accounts was paid by Phoenix Group Management Services Limited, a fellow Group entity and recharged to the Company.

9. Tax charge

	2013	2012
	£000	£000
Current tax:		
UK Corporation tax	897	741
Adjustment in respect of prior years	(8)	(61)
	889	680
Deferred tax:		
Reversal of temporary differences	42	4
Total tax charge	931	684

Reconciliation of tax charge

	2013	2012
	£000	£000
Profit before tax	3,812	2,932
Tax at standard UK rate of 23.25% (2012: 24.5%)	886	718
Income not taxable	(2)	(2)
Disallowable expenses	13	25
Adjustment to tax charge in respect of prior years	(8)	(61)
Other	42	4
Total tax charge for the year	931	684

The tax is paid to the fellow Group entity, Impala Holdings Limited, for group relief.

10. Share capital

	2013	2012
	£000	£000
Authorised: 5,000,000 (2012: 5,000,000) ordinary shares of £1 each	5,000	5,000
Issued and fully paid: 1,307,600 (2012: 1,307,600) ordinary shares of £1 each	1,308	1,308

The holders of the ordinary shares are entitled to one vote per share on matters to be voted on by owners and to receive such dividends, if any, as may be declared by the Board of Directors in its discretion out of legally available profits.

11. Share premium

	2013 £000	2012 £000
Balance as at 31 December	520	520

12. Trade & other payables

	2013 £000	2012 £000
Trade payables	9,653	4,353
Amount due to fellow group entities	1,168	704
Other payables	829	1,099
	11,650	6,156

13. Tax assets and liabilities

	2013 £000	2012 £000
Deferred tax assets	-	42
Total tax assets	-	42

Deferred tax assets comprise:

	2013 £000	2012 £000
Accelerated capital allowances	-	42
Deferred tax assets	-	42

Movements in deferred tax assets comprise:

	2013 £000	2012 £000
At 1 January	42	46
Amounts credited to the statement of comprehensive income	(42)	(4)
At 31 December	-	42

Deferred income tax assets are recognised because the current profitability of the Company indicates that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised.

14. Pension scheme

The majority of the employees of Ignis Investment Services Limited are members of the Phoenix Group Life Pension Scheme.

Ignis Investment Services Limited is a participating employer in the Phoenix Group Life Pension Scheme. The scheme comprises both a defined benefit and a defined contribution section. The defined benefit section was closed to future accrual by active members with effect from 1 July 2011. The Company introduced an enhanced contribution rate with effect from 1 July 2011 for former members of the defined benefit section.

The assets of the defined benefit section are held in a trustee administered fund. An independent actuary carries out a valuation of the defined benefit scheme every three years and contributions to the defined benefit scheme are paid in accordance with the funding agreement agreed between the trustee and the sponsoring employer.

Until 30 June 2011, in accordance with the requirements of IAS 19 Employee Benefits the net defined benefit cost was borne by the sponsoring employer, Pearl Group Holdings (No.1) Limited, a fellow subsidiary company and no charge was made to Ignis Investment Services Limited. Ignis Investment Services Limited did not make any contributions to the defined benefit scheme.

15. Financial Assets

	2013	2012
	£000	£000
Stock of units/shares	420	733

Units in Unit Trusts and shares in Open-Ended Investment Companies managed by the Company for subsequent sale are treated as financial assets held at fair value through profit or loss and are stated at the cancellation price.

The change in fair value of these assets has been fully reflected within the revenue section of the statement of comprehensive income. All financial assets are classified as level 1, in accordance with IFRS 13.

16. Trade and other receivables

	2013	2012
	£000	£000
Trade receivables	8,933	2,444
Cancellation receivables	1,877	1,303
Amount due from fellow group entities	-	1,610
Other receivables	2,029	2,138
	12,839	7,495

17. Cash and cash equivalents

	2013	2012
	£000	£000
Bank and cash balances	9,742	6,356
	9,742	6,356

18. Cash flows

	2013	2012
	£000	£000
Profit for the year before tax	3,812	2,932
Changes in operating assets and liabilities		
(Increase)/decrease in units acquired for subsequent sale	313	(187)
(Increase)/decrease in trade and other receivables	(5,302)	3,166
Increase/(decrease) in trade and other payables	5,494	(8,048)
Current tax treated as group relief	(931)	(684)
Cash generated/(absorbed) by operations	3,386	(2,821)

19. Capital management

The Ignis Capital Management Policy involves the close monitoring of capital, and maintenance of capital resources in excess of regulatory requirements. No dividend payments have been made or would be made that would result in a breach of regulatory requirements. Any decisions on dividends are taken with reference to the Capital Management Policy. The capital held by the Company relates to share capital of £1,308,000, share premium of £520,000 and 2013 audited earnings of £9,523,000. For details of movements in capital refer to the statement of changes in equity.

During the year the Company complied with all external capital regulatory requirements.

There were no changes to the Group's approach to capital management during the year.

Refer to note 20 for details of regulatory capital risks.

20. Risk management

The Ignis Risk Management Framework sets out the high level arrangements for risk management, control and assurance within Ignis Asset Management Limited, the immediate parent, and its subsidiaries. It is designed to provide a structured approach for identifying, assessing, controlling and monitoring financial and non-financial risk within Ignis Asset Management Group.

The Company has a Board Audit and Risk Committee which meets at least on a quarterly basis and is now chaired by an Independent Non-Executive Director (since 6 November 2013). Key responsibilities for this committee include reviewing: the integrity of financial statements; internal financial controls; and internal control and risk management systems. It also considers: the scope of internal and external audits; risk and capital management policies; and the Ignis Risk Framework as well as receiving updates on regulatory risk requirements.

To support the Board Audit and Risk Committee activities Ignis has an Audit, Risk and Compliance Committee comprising the Executive Directors, the Chief Risk Officer, the Chief Finance Officer and senior managers from Risk, Compliance and Internal Audit which meets monthly with the Chief Risk Officer as Chairman.

The Company will strive to manage and mitigate the principal risks facing the organisation and is committed to maintaining a strong compliant culture. The Company has a modest appetite for business risk based on managing profitability within acceptable parameters while pursuing our profitable growth strategy.

The Company's activities expose it to a variety of financial risks including certain aspects of credit risk, market risk and liquidity risk.

Credit risk
Credit risk is the risk of loss resulting from the failure of a counterparty to perform its financial obligations or to perform them in a timely fashion. The Company holds no significant concentrations of credit risk, and cash is held with at least BBB+ rated banks. A high proportion of the debtors are in relation to unit sales. The amount disclosed in the statement of financial position in respect of current assets of £23,001,000 (2012: £14,584,000) represents the Company's maximum exposure to credit risk.

Market risk
The Company holds units/shares in Unit Trusts for subsequent sale and accordingly is exposed to fluctuations in the market value of these units. The company monitors the levels of these investments and ensures they are kept within agreed limits. The value of units/shares held is such that it is not significant to the overall financial position of the Company. At year end the carrying value of £420,000 represented 2% of the value of total assets. The amount disclosed on the statement of financial position in respect of financial assets represents the Company's maximum exposure to market risk.

Market risk also represents the potential loss in value of portfolios and financial instruments of funds managed by the Company, caused by adverse movements in market variables which would impact on the level of revenue and profitability of the Company.

The Company's principal transactions are carried out in pounds sterling and therefore its exposure to foreign exchange risk is limited. At 31 December 2013, cash held in Euros amounted to £32,000 sterling equivalent (2012: £38,000), and financial assets held in Euros amounted to £2,000 sterling equivalent (2012: £nil).

In order to mitigate foreign exchange risk our foreign currency bank accounts are monitored on a daily or weekly basis and funds are maintained at a minimum level, sufficient to meet our obligations.

Liquidity risk
Liquidity risk is defined as failure of the Company to maintain adequate levels of financial resources to enable it to meet its obligations as they fall due. The Company has an exposure to liquidity risk as a result of normal business activities, specifically the risk arising from an inability to meet short term cash flow requirements. The Company's policy is to maintain sufficient cash deposits to meet obligations at all times. All financial liabilities are due in one year or less.

Regulatory Capital
The Company is a UCITS investment firm and as such its capital requirements are the greater of: the 'base capital' resource requirement; or the sum of its market and credit risk requirements; or its Fixed Overhead Requirement. The capital resources held during the year were all Tier 1 and consisted of share capital of £1,308,000, share premium of £520,000 and 2013 audited earnings of £9,523,000.

The Company is a 100% owned subsidiary of Ignis Asset Management Limited which has a group policy of maintaining capital in excess of its consolidated regulatory requirement. During the year capital was maintained in excess of the consolidated regulatory requirement. The capital requirements of the Group are monitored on an ongoing basis to ensure that sufficient capital is maintained at all times.

The Company is also a member of an insurance group, the ultimate parent of which, Phoenix Group Holdings, is required to maintain group capital resources in excess of its group capital resources requirement (Group Capital Adequacy (GCA)) in accordance with the FCA Handbook for Insurers.

As of 1 January 2014 the Company will be subject to the new regulatory regime implemented by the Capital Requirements Directive IV. During 2014 the Company will also be designated as an Alternative Investment Fund Manager under the new Alternative Investment Fund Managers Directive.

21. Pillar 3 disclosure

Under Pillar 3 of the Capital Requirements Directive (CRD), a firm is required to disclose information relating to a firm's capital, risk exposures and management practices. The relevant disclosures are made on the Ignis Corporate website.

22. Related party transactions

The Company enters into transactions with related parties in its normal course of business. These are at arm's length on normal commercial terms.

The Company's main related parties are its parent entity (see note 24), its key management personnel (see note 7) and the trustees of the Unit Trusts managed by the Company (see below).

The Company holds units in related Unit Trusts at the value of £420,000 (2012: £733,000).

No dividends were paid to the parent entity during the year (2012:£nil).

Amounts paid to related parties

	2013	2012
	£000	£000
Portfolio fee paid to Ignis Investment Services Limited, fellow Group entity	2,442	2,187
Rebates to fellow subsidiaries	18,371	18,924
Amounts paid to Trustees in relation to creations	2,681,657	1,542,276
	2,702,470	1,563,387

Amounts received from related parties

	2013	2012
	£000	£000
Income received from related Unit Trusts	42,590	44,301
Amounts received from Trustees in relation to liquidations	3,361,996	3,398,541
	3,404,586	3,442,842

Amounts due to related parties

	2013	2012
	£000	£000
Repurchase creditors	708	1,339
Creation creditors due to Trustees	5,125	638
Amounts due to fellow group entities	1,168	704
	7,001	2,681

Amounts due from related parties

	2013	2012
	£000	£000
Cancellation receivables due from Trustees	1,877	1,303
Unit sales receivables	7	20
Amounts due from fellow group entities	-	1,610
	1,884	2,933

Key management compensation
During the year to 31 December 2013, key management and other family members contributed £nil (2012 nil) to products sold by the Company.

23. Events after the reporting period

There have been no significant events that have occurred between the period end and the date when the financial statements are authorised for issue that would have a material effect on the financial results.

24. Other information

The Company's principal place of business is the United Kingdom. The Company's immediate parent is Ignis Asset Management Limited, registered in Scotland and its ultimate parent is Phoenix Group Holdings, a company incorporated in the Cayman Islands and resident in Jersey. A copy of the financial statements of Phoenix Group Holdings can be obtained from the Company Secretary, 1st Floor, 32 Commercial Street, St. Helier, Jersey, JE2 3RU.