

**IGNIS FUND MANAGERS LIMITED  
(FORMERLY RESOLUTION FUND MANAGERS LIMITED)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2008**

**COMPANY REGISTRATION NUMBER SC85610**

THURSDAY



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COMPANIES HOUSE

**IGNIS FUND MANAGERS LIMITED  
(FORMERLY RESOLUTION FUND MANAGERS LIMITED)  
REPORT BY THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**PRINCIPAL ACTIVITY**

The principal activity of the Company is the management of Unit Trusts, Open Ended Investment Companies (OEICs), Personal Equity Plans (PEPs) and Individual Savings Accounts (ISAs) investing solely in unit trusts.

The Company is regulated by the Financial Services Authority.

**RESULTS FOR THE YEAR**

The audited financial statements together with relevant notes and independent auditors report are shown on pages 6 to 18.

The profit for the year, after taxation, was £3.1m (2007 – profit £5.4m) and the funds under management amounted to £8,425m at 31 December 2008 (31 December 2007 £14,859m).

A dividend of £8.4m was paid during the year (2007 - £5.4m). There is a surplus of £3.1m (2007 - £8.4m) carried forward in reserves.

**MATERIAL DEVELOPMENTS**

The Company has been advised by the directors of the ultimate parent company, Pearl Group Limited (PGL) and PGL's 75% owned subsidiary, Impala Holdings Limited (Impala), that discussions are taking place between the FSA, the Group's investors and other key stakeholders regarding the appropriate capital structure for the group, given the extreme market turbulence experienced in 2008 and 2009. These discussions include options to restructure the sources of finance for the Group.

These discussions are designed to facilitate an alignment of the obligations of the Group's investors with the availability of funding from the Group and to thus enable the Group to meet its obligations in the foreseeable future.

Given the financial position of the Company the directors do not expect the results of these discussions to have a material effect on the operations of the Company. In this regard, the directors of the Company have considered the position of its parent including potential contagion effects on the Company in respect of the recoverability of intra-group loans and the impact of any breach in its Group Capital Adequacy (GCA) requirements.

In November 2008 the Group informed the FSA that it was in technical breach of its GCA obligations. A Group is required to ensure that its capital resources are sufficient to meet the GCA requirements at all times. To rectify the situation a capital restructuring was undertaken in the Group and, in addition the Group applied for, and was granted, a waiver from the FSA which provides relief in respect of one of the capital restrictions within the GCA calculation and enables the Group to meet its GCA requirements. The Group has continued to meet GCA requirements since that date.

**IGNIS FUND MANAGERS LIMITED  
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REPORT BY THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**MATERIAL DEVELOPMENTS (CONT'D)**

Following the technical breach of GCA requirements, the FSA issued an Own Initiative Variation of Permission (OIVoP) which inter alia, requires cash payments and asset transfers from regulated entities within the PGL Group to be disclosed to, and approved by, the FSA. The Directors have reasonable grounds to believe that the OIVoP will remain in place as required by the FSA for the foreseeable future

**GOING CONCERN**

The Directors' report on pages 1 to 4 summarises the activities of the Company, discusses the principal risks and uncertainties it faces and comments on material developments. Note 11 to the financial statements summarises the Company's risk and capital management objectives and policies together with its financial risks.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**NAME CHANGE & CHANGE OF OWNERSHIP**

During the year Pearl Group Limited acquired the Company from Resolution Plc.

On, 17 November 2008, the Company changed its name from Resolution Fund Managers Limited to Ignis Fund Managers Limited.

Prior to 1 May 2008 the Company's ultimate parent undertaking was Resolution Plc (now Pearl Group Holdings (No.1) Limited). On 1 May 2008, Pearl Group Holdings (No.1) Limited was acquired by Impala Holdings Limited, a subsidiary of Pearl Group Limited, and from this date Pearl Group Limited became the Company's ultimate parent company

On 31 December 2008 Pearl Group Holdings (No.1) Limited disposed of its investment in Ignis Asset Management Limited (formerly Resolution Asset Management Limited), the company's immediate parent company to Impala Holdings Limited. Pearl Group Limited remains the Company's ultimate parent company.

**FUTURE DEVELOPMENTS**

The Company seeks to build on its previous success and will be in a position to develop its existing product range and launch new funds when market conditions improve.

**IGNIS FUND MANAGERS LIMITED  
(FORMERLY RESOLUTION FUND MANAGERS LIMITED)  
REPORT BY THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**DIRECTORS AND THEIR INTERESTS**

Directors:	G Stewart	Chief Executive Officer
	P Reid	Chief Investment Officer
	J Polin	Sales & Marketing Director
	D O'Neil	Deputy Chairman (resigned 1 August 2008)
	I Paterson Brown	Chief Operating Officer
	M Biggs	Chairman (resigned 1 May 2008)
	T C Brown	Chairman (appointed 17 June 2008)
	F Clutterbuck	Director (appointed 23 September 2008)
	E S Churchill	Director (appointed 10 September 2008)
	L Tamberlin	Director (appointed 12 June 2008)
	R Treen	Director (appointed 6 June 2008)
	J Cusins	Director (appointed 6 June 2008)
	J Moss	Director (appointed 12 June 2008; resigned 28 November 2008)
	A McIntosh	Director (appointed 7 July 2008; resigned 20 August 2008)
	B Meehan	Director (resigned 1 May 2008)
	J Newman	Director (resigned 1 May 2008)

**INDEMNITIES**

Pearl Group Limited has agreed to provide an Indemnity to certain persons within the Pearl Group. These persons include nominated directors and secretaries, subsidiary directors, subsidiary secretaries, alternate directors and approved persons, being persons in relation to whom the Financial Services Authority has given its approval under section 59 of the Financial Services and Markets Act 2000 ("FSMA") for the performance of a controlled function. This indemnity will cover all losses, costs and expenses incurred by an indemnified person incurred in the exercise, execution and discharge of his duties, or connected to the same, to the fullest extent permitted, consistent with the Companies Act 2006 and the FSA Rules, provided that if such indemnified person is also entitled to be indemnified under the terms of the Articles of another Pearl Group company, or pursuant to the terms of a indemnity granted by another Pearl Group Company, then the indemnified person must first claim under that indemnity.

**RISKS AND UNCERTAINTIES**

The main risks to the Company's financial performance are the loss of unit holder investors and reductions in fees due to significant market movements. We constantly review our risk management process throughout the year to manage these risks accordingly. Risk management is discussed within the notes to the financial statements (note 11).

**IGNIS FUND MANAGERS LIMITED  
(FORMERLY RESOLUTION FUND MANAGERS LIMITED)  
REPORT BY THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**AUDITORS**

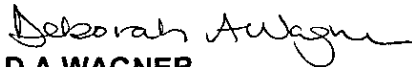
In the case of each of the persons who are directors of the Company at the date of approval of this report:

- So far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) 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 234ZA of the Companies Act 1985.

A resolution for the reappointment of Ernst & Young LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

**BY ORDER OF THE BOARD**



**D A WAGNER**  
Secretary

2 April 2009

Registered Office :  
50 Bothwell Street  
GLASGOW G2 6HR

**IGNIS FUND MANAGERS LIMITED  
(FORMERLY RESOLUTION FUND MANAGERS LIMITED)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom 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 standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to :-

- select suitable accounting policies and then apply them consistently ;
- make judgements and estimates that are reasonable and prudent ;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements ;
- 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 ensuring appropriate accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure the financial statements comply with the Companies Act 1985. 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF  
IGNIS FUND MANAGERS LIMITED  
(FORMERLY RESOLUTION FUND MANAGERS LIMITED)  
FOR THE YEAR ENDED 31 DECEMBER 2008**

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit & Loss Account, the Balance Sheet and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, as a body, in accordance with section 235 of the Companies Act 1985. 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 other opinions we have formed

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is consistent with the financial statements.

In addition we report to you, if in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF  
IGNIS FUND MANAGERS LIMITED  
(FORMERLY RESOLUTION FUND MANAGERS LIMITED)  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**OPINION**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style. Below the signature, there is a horizontal line that starts under the "Ernst" and ends under the "LLP".

Ernst & Young LLP  
Registered Auditor  
Edinburgh

2 April 2009



**IGNIS FUND MANAGERS LIMITED**  
**(FORMERLY RESOLUTION FUND MANAGERS LIMITED)**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

		<u>Note</u>	<u>2008</u> £000	<u>2007</u> £000
Turnover			20,546	26,111
Administrative expenses	Ongoing		(16,661)	(19,409)
	Exceptional	2	<u>(296)</u>	<u>-</u>
			(16,957)	(19,409)
Operating profit		3	3,589	6,702
Interest receivable			<u>883</u>	<u>1,171</u>
Profit on ordinary activities before taxation			4,472	7,873
Taxation		6	<u>(1,396)</u>	<u>(2,480)</u>
Profit for the financial year		13	<u><u>3,076</u></u>	<u><u>5,393</u></u>

**Recognised gains and losses**

The company has no recognised gains or losses for the current or prior year other than those detailed above.

*The notes on pages 10 to 18 are an integral part of these financial statements.*

**IGNIS FUND MANAGERS LIMITED**  
**(FORMERLY RESOLUTION FUND MANAGERS LIMITED)**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2008**

	<u>Note</u>	<u>2008</u> £000	<u>2007</u> £000
<b>FIXED ASSETS</b>			
Intangible Assets	7	7	86
<b>CURRENT ASSETS</b>			
Stock of units/shares		549	617
Debtors	8	15,700	59,114
Deferred tax	9	26	26
Cash at bank		<u>9,992</u>	<u>31,239</u>
		26,267	90,996
<b>CREDITORS:</b>			
Amounts falling due within one year	10	<u>(21,377)</u>	<u>(80,861)</u>
Net current assets		<u>4,890</u>	<u>10,135</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>4,897</u></u>	<u><u>10,221</u></u>
<b>CAPITAL AND RESERVES:</b>			
Called up share capital	12	1,308	1,308
Share premium account	14	520	520
Profit and loss account	13	<u>3,069</u>	<u>8,393</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	15	<u><u>4,897</u></u>	<u><u>10,221</u></u>

*The financial statements were approved by the Directors on 2 April 2009.*

*The notes on pages 10 to 18 are an integral part of these financial statements.*

  
**G Stewart**

**Director**

**IGNIS FUND MANAGERS LIMITED  
(FORMERLY RESOLUTION FUND MANAGERS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**1. ACCOUNTING POLICIES**

**1.1 Accounting convention**

The financial statements are prepared under the historical cost convention in compliance with the Companies Act 1985, and in accordance with applicable UK Accounting Standards.

The financial statements of the Company have been prepared on the going concern basis.

The Company has also considered the financial position of its ultimate parent company, Pearl Group Limited, in terms of the potential impact including the recoverability of intra-group loans.

**1.2 Turnover**

Turnover represents the net income accruing to the company from the continuing activity of the management of Unit Trusts, Open Ended Investment Companies (OEICS), Personal Equity Plans and Individual Savings Accounts. Revenue is derived from business transacted in the UK.

**1.3 Interest receivable**

Interest receivable is credited to the profit and loss account when received.

**1.4 Cash Flows**

The Company is a wholly owned subsidiary of Impala Holdings Limited which is majority held by Pearl Group Limited and the cash flows of the Company are included in the consolidated cash flow statements of Pearl Group Limited. The Company has thus taken advantage of the exemption permitted by FRS1 (revised) and has elected not to prepare its own cash flow statements.

**1.5 Pensions**

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as they are incurred.

**1.6 Stock of units**

Stock of unit trusts and shares (OEICs) are valued at the lower of cost and net realisable value.

**1.7 Deferred Taxation**

The charge for taxation is based on profit for the year and takes into account taxation deferred due to timing differences in the treatment of certain items for taxation and accounting purposes.

**IGNIS FUND MANAGERS LIMITED**  
**(FORMERLY RESOLUTION FUND MANAGERS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**2. EXCEPTIONAL ITEMS**

	<u>2008</u>	<u>2007</u>
	£000	£000
Expenditure:		
Rebranding	296	-
	<u>296</u>	<u>-</u>

These costs were incurred as a result of the change of name from Resolution Fund Managers Limited to Ignis Fund Managers Limited.

**3. OPERATING PROFIT**

Operating profit is stated after charging:

	<u>Note</u>	<u>2008</u>	<u>2007</u>
		£000	£000
Auditors' Remuneration:			
Fees payable to the Company's auditor for the audit of the Company's annual accounts		38	51
Staff Costs	4	<u>6,493</u>	<u>6,705</u>

The remuneration receivable by the Company's auditors for auditing the 2008 accounts was paid by Pearl Group Management Services Limited (formerly Resolution Management Services Limited) and recharged to the Company. Audit costs also include the audit fees of the joint ventures which were borne, in part, by the Company. The remuneration of the auditors for other services provided to the Company is included in the disclosures given in the consolidated financial statements of Pearl Group Limited.

The Company had recharged costs of £12,395,741 (2007 - £11,884,269) from Ignis Investment Services Limited, (previously Resolution Investment Services Limited) a fellow group undertaking.

**IGNIS FUND MANAGERS LIMITED**  
**(FORMERLY RESOLUTION FUND MANAGERS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**4. STAFF COSTS**

	<u>2007</u> £000	<u>2007</u> £000
Wages and salaries	5,711	5,761
Pension costs	196	154
Social security costs	586	790
	<u>6,493</u>	<u>6,705</u>

All staff are employed by Ignis Investment Services Limited (previously Resolution Investment Services Limited) and the staff costs are recharged on the basis of the duties performed for Ignis Fund Managers Limited (previously Resolution Fund Managers Limited).

The average number of staff was 125 (2007 - 118). The Ignis Investment Services accounts include analysis of the departments staff are employed by.

**5. DIRECTORS REMUNERATION**

P Reid, J Polin and G Stewart are members of the defined benefit pension scheme.

The aggregate emoluments of the Directors are detailed in full below.

	<u>2008</u> £000	<u>2007</u> £000
Emoluments	<u>486</u>	<u>680</u>
	<u>2008</u> No.	<u>2007</u> No.
Members of defined benefit pension scheme	<u>3</u>	<u>3</u>

The amounts in respect of the highest paid director are as follows:

	<u>2008</u> £000	<u>2007</u> £000
Emoluments	<u>190</u>	<u>295</u>
Total accrued pension at 31 December	<u>3</u>	<u>3</u>

**IGNIS FUND MANAGERS LIMITED**  
**(FORMERLY RESOLUTION FUND MANAGERS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**6. TAXATION**

a) Analysis of tax charge in the period

	<u>2008</u>	<u>2007</u>
	£000	£000
Current Tax		
UK Corporation tax on profits for the period	1,396	2,449
Adjustments in respect of prior periods	-	20
Total current tax (note 5b)	<u>1,396</u>	<u>2,469</u>
Deferred Tax ( see note 8)		
Origination and reversal of timing difference	-	9
Change in tax rates/bases	-	2
Taxation on ordinary profit	<u>1,396</u>	<u>2,480</u>

b) Factors affecting tax charge for the period

Profit on ordinary activities before taxation	<u>4,472</u>	<u>7,873</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007 30%)	1,274	2,361
Effects of:		
Expenses not deductible for corporation tax	122	97
Capital allowances in excess of depreciation	-	(9)
Adjustment in respect of prior period	-	20
Current tax charge for period	<u>1,396</u>	<u>2,469</u>

In April 2008, the tax rate changed from 30% to 28%. For the purposes of these accounts, a blended rate of 28.5% has been used.

**IGNIS FUND MANAGERS LIMITED**  
**(FORMERLY RESOLUTION FUND MANAGERS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**7. INTANGIBLE ASSETS**

Cost:	£000
At 1 January 2008	400
Acquired during the year	-
At 31 December 2008	<u>400</u>
Amortisation:	
At 1 January 2008	314
Provided during the year	79
At 31 December 2008	<u>393</u>
Net Book Value:	
At 31 December 2008	<u>7</u>
At 1 January 2008	<u>86</u>

The intangible asset is in respect of the purchase price to transfer the fund management of Ignis Asset Managed Trust, an authorised unit trust, from Britannic Unit Trust Managers Limited on 31 January 2004. This is being written off in equal annual instalments over its estimated economic life of 5 years. This amount will be fully written off by 31 January 2009.

**8. DEBTORS**

	<u>2008</u>	<u>2007</u>
	£000	£000
Trade debtors	3,259	51,063
Cancellation debtors	12,166	7,441
Amount due from fellow group undertaking	101	-
Other debtors	174	610
	<u>15,700</u>	<u>59,114</u>

**9. DEFERRED TAX**

	Capital Allowances Timing difference £000
At 1 January 2008	26
Movement in disallowed provisions during year	-
At 31 December 2008	<u>26</u>

The rate of Corporation Tax decreased from 30% to 28% from April 2008. The deferred tax asset as at 31 December 2007 was calculated using a rate of 28%. Thus no adjustment was required for this rate change in the 2008 accounts.

**IGNIS FUND MANAGERS LIMITED**  
**(FORMERLY RESOLUTION FUND MANAGERS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**10. CREDITORS**

Amounts falling due within one year:

	<u>2008</u>	<u>2007</u>
	£000	£000
Trade creditors	10,139	73,374
Amount due to fellow group undertaking	8,239	5,065
Other creditors	2,505	1,635
Corporation tax payable	494	787
	<u>21,377</u>	<u>80,861</u>

**11. RISK MANAGEMENT**

The Ignis Risk Management Framework sets out the high level arrangements for risk management, control and assurance within Ignis Asset Management Limited 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.

Our immediate parent undertaking, Ignis Asset Management Limited, (previously Resolution Asset Management Limited) has set up a Risk Committee comprising the Executive Directors which meets monthly with the CEO as Chairman of the Committee. The Committee's remit covers operational and strategic risk. In addition it has taken responsibility for review of business continuity, insurance and counterparty risk reporting. The Committee has discussed and analysed throughout 2008 the risks facing the business, based on the potential impact and the perceived likelihood of occurrence.

The Company will strive to manage and mitigate the principal risks facing the organisation and is committed to maintaining a strongly compliant culture. The Company also believes it is critical to its success to accept a degree of business risk in a conscious and managed manner that does not threaten its compliant culture.

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

*Market risk*

The Company holds units/shares in unit trusts and OEICS 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.

*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 AA rated banks. Cash balances have decreased by 68% due to the payment of large dividends to the parent company. A high proportion of the debtors are in relation to cancellations to FSA regulated group companies or Unit Trust or Oeic funds that the company manages. The amount disclosed in the balance sheet in respect of financial assets represents the Company's maximum exposure to credit risk.



**IGNIS FUND MANAGERS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**11. RISK MANAGEMENT (CONT'D)**

*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. A high proportion of the creditors are in relation to repurchases from FSA regulated group companies.

*Own Initiative Variation of Permission ("OIVOP")*

The Company is a 100% subsidiary of Ignis Asset Management Limited which has adopted a policy of carrying a combined capital of at least 150% of the Pillar 1 requirement. The Company is also a member of an insurance group, the ultimate parent undertaking of which, Pearl Group Limited (PGL), is required to maintain group capital resources in excess of its group capital resources requirement (Group Capital Adequacy (GCA)) in accordance with Chapter 6 of the Prudential Sourcebook for Insurers. In November 2008, PGL informed the FSA of a technical breach of its GCA. Although promptly rectified, following this breach, the FSA issued an Own Initiative Variation of Permission ("OIVoP") which inter alia, requires cash payments and asset transfers from regulated entities within the PGL Group to be disclosed to the FSA.

**12. CALLED UP SHARE CAPITAL**

The authorised and issued share capital of the company at 31 December 2008 and 31 December 2007 consists of :-

	<u>Authorised Number</u>	<u>Number</u>	<u>£000</u>
		<u>Issued and fully paid</u>	
Ordinary shares of £1 each	<u>5,000,000</u>	<u>1,307,600</u>	<u>1,308</u>

**13. PROFIT AND LOSS ACCOUNT**

	<u>2008</u>	<u>2007</u>
	<u>£000</u>	<u>£000</u>
Balance at 1 January	8,393	8,400
Profit for year	3,076	5,393
Dividend paid	<u>(8,400)</u>	<u>(5,400)</u>
Balance at 31 December	<u>3,069</u>	<u>8,393</u>

**14. SHARE PREMIUM**

	<u>2008</u>	<u>2007</u>
	<u>£000</u>	<u>£000</u>
Balance as at 31 December	<u>520</u>	<u>520</u>

**IGNIS FUND MANAGERS LIMITED**  
**(FORMERLY RESOLUTION FUND MANAGERS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<u>2008</u> £000	<u>2007</u> £000
Shareholders' funds at 1 January	10,221	10,228
Profit for the financial year	3,076	5,393
Dividend paid	<u>(8,400)</u>	<u>(5,400)</u>
Shareholders' funds at 31 December	<u><u>4,897</u></u>	<u><u>10,221</u></u>

**16. PENSION COMMITMENTS**

The majority of employees of Ignis Investment Services Limited (previously Resolution Investment Services Limited) are members of the Resolution Group Pension Scheme. The joint sponsoring employers of the scheme are Pearl Group Holdings (No 1) Limited (formerly Resolution plc) and Pearl Group Management Services Limited (formerly Resolution Management Services Limited).

Ignis Investment Services Limited (formerly Resolution Investment Services Limited) is a participating employer in the Scheme. The Scheme comprises a defined contribution section and a defined benefit section, which is generally closed to new members. 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.

The defined benefit scheme is accounted for by the joint sponsoring employers in accordance with the requirements of FRS17 Retirement Benefits. With effect from 2009 the company will reimburse Pearl Group Holdings (No.1) Limited for its share of the service cost calculated in accordance with FRS17.

**17. TRANSACTIONS WITH DIRECTORS AND THEIR RELATED PARTIES**

	<u>2008</u> £000	<u>2007</u> £000
Investments and life products held by two (2007 - two) Directors at 31 December	<u>331</u>	<u>441</u>
Contributions paid by two (2007 - two) Directors towards investments and life products during the year	<u>16</u>	<u>8</u>

All investments are made on an arms length basis.

**IGNIS FUND MANAGERS LIMITED  
(FORMERLY RESOLUTION FUND MANAGERS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**18. OTHER RELATED PARTY DISCLOSURES**

The Company's income is solely derived from its activities as a manager for Ignis Unit Trusts and OEICs and may on a strict interpretation be deemed to be a "related party" to these Unit Trusts and OEICs within the definition of Financial Reporting Standard 8 - Related Party Disclosures. The aggregate total transactions with Citibank International plc as Trustee of the Ignis Unit Trusts were £2,299,371,450 (2007 - £4,245,751,691) for unit creations and £5,173,660,219 (2007 - £2,736,295,198) for liquidations. The balance due at 31 December 2008 to Citibank International plc was £8,373,411 (2007 - £38,822,388).

The aggregate total transactions with RBS Trustee and Depositary Services as Trustee of the Ignis OEICs were £376,746,604 (2007 - £625,354,564) for unit creations and £2,758,241,926 (2007 - £2,385,704,787) for liquidations. The balance due at 31 December 2008 from RBS Trustee and Depositary Services was £2,031,616 (2007 - £259,315).

The remaining balances of trade debtors and trade creditors relate to unit sales and repurchases.

The Company has taken advantage of the exemption given by FRS8 to subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, by not disclosing information on related party transactions with entities that are part of the Pearl Group Limited Group of companies.

**19. ULTIMATE PARENT UNDERTAKING**

The Company's immediate parent undertaking is Ignis Asset Management Limited, (previously Resolution Asset Management Limited) registered in Scotland.

Prior to 1 May 2008 the Company's ultimate parent undertaking was Resolution Plc (now Pearl Group Holdings (No.1)).

Following 1 May 2008 the Company's ultimate parent undertaking is Pearl Group Limited which is registered in England and Wales, and is the parent undertaking of the largest group to consolidate these financial statements. The parent undertaking of the smallest group to consolidate these financial statements is Impala Holdings Limited. Copies of Pearl Group Limited and Impala Holdings Limited accounts can be obtained from their registered office The Pearl Centre, Lynch Wood, Peterborough, PE2 6FY.

**20. 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. This will be posted to the company's website during 2009.