IGNIS ASSET MANAGEMENT LIMITED

Company Registration Number: SC200801

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2012

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Directors' report

Company Registration No: SC200801

Country of incorporation: Scotland

Registered Office:

50 Bothwell Street
Glasgow
G2 6HR

The Directors present their Report and Financial Statements of Ignis Asset Management Limited ("the Company") for the year ended 31 December 2012.

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

Business review

Principal activities
The Company acts as a Holding Company for the asset management business of The Phoenix Group. It has a number of subsidiaries, the main companies being Ignis Investment Services Limited, providers of investment management services and investment advice, and Ignis Fund Managers Limited, managers of Unit Trusts, as well as Personal Equity Plans (PEPs) and Individual Savings Accounts investing solely in Unit Trusts.

The Company is a private limited company whose principal place of business is the UK.

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.

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 aims to be 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.

The Ignis Asset Management Group intends to fulfil this aim by achieving its goals:

- Meet or exceed investment performance expectations for all clients;
- Work with clients to provide creative solutions to changing product needs;
- Maintain our business with a well-controlled and efficient operating platform;
- Develop further as a high quality and profitable company.

These goals are supported by our foundations of:

- Innovative people;
- Partnership culture;
- Processes and Technology;
- Stability.

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

Corporate activity
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 until May 2014.

Result and dividends
The result of the Company for the year is shown in the statement of comprehensive income on page 8. The profit before tax was £17,085,000 (2011: £18,753,000).

Dividends totalling £17,000,000 were paid during the year (2011: £18,800,000) to the immediate parent entity Impala Holdings Limited. Dividends totalling £17,000,000 were received during the year from subsidiaries (2011: £18,800,000).

Principal risks and uncertainties
The Ignis Risk Management framework provides a structured approach for identifying, assessing, controlling and monitoring risk within the Ignis Group. The main activities of the Company are the receipt of dividend income from its subsidiaries and the payment of dividends to its parent. Accordingly the main risk that the Company is subject to is the impairment of its subsidiaries. Investments in subsidiaries are subject to impairment reviews when management are aware of objective evidence of impairment.

The Company also has a number of small holdings in investment funds and is thus exposed to market risk, albeit at a low level. The Company does not apply hedge accounting.

Financial risk management is discussed within note 18 to the financial statements.

Key Performance Indicators ("KPIs")
Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

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

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 the 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 – appointed 28 June 2012
T Roberts - resigned 29 January 2013
P Miles – appointed 31 January 2012, resigned 19 December 2012
I Paterson Brown – resigned 29 June 2012

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.

By order of the Directors

S GRIFFIN
Company Secretary

19 March 2013

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

The directors are responsible for preparing the Annual 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 ASSET MANAGEMENT LIMITED

We have audited the financial statements of Ignis Asset Management Limited for the year ended 31 December 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 22. 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 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. 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 2012 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 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
20 March 2013

Statement of comprehensive income
for the year ended 31 December 2012

	Notes	2012 £000	2011 £000
Revenue			
Net investment income	3	17,085	18,753
Profit for the year before tax		17,085	18,753
Tax credit/(charge)	6	(20)	13
Profit for the year attributable to owners		17,065	18,766
Other comprehensive income		-	-
Total comprehensive income for the year attributable to owners		17,065	18,766

Balance Sheet

IGNIS ASSET MANAGEMENT LIMITED

Statement of financial position
as at 31 December 2012

	Notes	2012 £000	2011 £000
Equity attributable to owner			
Share capital	7	1	1
Share premium	8	49,999	49,999
Other reserve	9	50,000	50,000
Capital contribution reserve	10	50,800	50,800
Retained earnings		80,726	80,661
Total equity		231,526	231,461
Current liabilities			
Other payables	12	357	585
Total liabilities		357	585
Total equity and liabilities		231,883	232,046
Non-current assets			
Investments in subsidiaries	13	231,149	231,149
Financial assets	14	690	855
Total non-current assets		231,839	232,004
Current assets			
Cash and cash equivalents	15	44	42
Total current assets		44	42
Total assets		231,883	232,046

On behalf of the Board

Chris Samuel

19 March 2013

Company Registration No: SC200801

Statement of cash flows
for the year ended 31 December 2012

	Notes	2012 £000	2011 £000
Cash flows from operating activities			
Cash absorbed by operations	16	(140)	280
Taxation paid		(98)	(34)
Net cash flows from operating activities		(238)	246
Cash flows from investing activities			
Purchase of investments		(135)	(389)
Proceeds from sale of investments		375	119
Dividends received from subsidiaries		17,000	18,800
Net cash flows from investing activities		17,240	18,530
Cash flows from financing activities			
Ordinary share dividends paid		(17,000)	(18,800)
Net cash flows from financing activities		(17,000)	(18,800)
Net (decrease) in cash and cash equivalents		2	(24)
Cash and cash equivalents at the beginning of the year		42	66
Cash and cash equivalents at the end of the year	15	44	42

Statement of changes in equity
for the year ended 31 December 2012

	Share capital (note 7) £000	Share premium (note 8) £000	Capital contribution reserve (note 10) £000	Retained earnings £000	Other reserves (note 9) £000	Total £000
At 1 January 2012	1	49,999	50,800	80,661	50,000	231,461
Profit for the year	-	-	-	17,065	-	17,065
Total comprehensive income for the year	-	-	-	17,065	-	17,065
Dividends paid on ordinary shares	-	-	-	(17,000)	-	(17,000)
At 31 December 2012	1	49,999	50,800	80,726	50,000	231,526

	Share capital (note 7) £000	Share premium (note 8) £000	Capital contribution reserve (note 10) £000	Retained earnings £000	Other reserves (note 9) £000	Total £000
At 1 January 2011	1	49,999	50,800	80,695	50,000	231,495
Profit for the year	-	-	-	18,766	-	18,766
Total comprehensive income for the year	-	-	-	18,766	-	18,766
Dividends paid on ordinary shares	-	-	-	(18,800)	-	(18,800)
At 31 December 2011	1	49,999	50,800	80,661	50,000	231,461

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 financial assets that have been measured at fair value.

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

The financial statements are separate financial statements and the exemption in paragraph 10 of IAS 27 *Consolidated and Separate Financial Statements* and section 401 of the Companies Act 2006 have been used not to present consolidated financial statements.

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 net 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 require such estimates are the fair value of financial assets and determination of the impairment of investments in subsidiaries.

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

Impairment of investments in subsidiaries
Impairments are measured at the difference between the carrying value of the investment and its estimated recoverable amount. Impairments are recognised in the statement of comprehensive income in the period in which they occur. The Company's policies in relation to impairment testing of investments in subsidiaries are detailed in accounting policy (d).

(c) Income tax
Income tax comprises current 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.

(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) Investment in subsidiaries
Investments in shares in subsidiaries are carried in the statement of financial position at cost less impairment.

The Company assesses whether objective evidence of impairment exists. Evidence of impairment is obtained by comparing the carrying value of the investment in the subsidiary with the estimate of the recoverable amount of the subsidiary.

(f) Financial Assets
The company classifies its investments as financial assets at fair value through profit and loss and all such assets were designated at fair value through profit and loss on the transition to IFRS. Financial assets held by the Company relate to seed capital investments in Unit Trusts/SICAVs managed by subsidiaries.

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.

Purchases and sales of financial assets are recognised on the trade date, which is the date that the Company commits to purchase or sell the asset.

Fair value estimation
For seed capital investments, fair value is by reference to published bid-values.

(g) Cash and cash equivalents
Cash and cash equivalents comprise cash balances held with at least BBB+ rated banks (Standard and 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

Income is derived primarily from business transacted in the UK.

Income is measured at the fair value of the consideration received or receivable and mainly relates to dividends received from subsidiaries.

Interest income is recognised in the statement of comprehensive income as it accrues using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the right to receive the payment is established.

(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 share are shown in equity as a deduction from the share premium account.

(l) Capital contribution reserve

Capital contributions received by the Company and which contain no agreement for their repayment are recognised directly in the statement of changes in equity as a distributable reserve.

(m) 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 2012, set out on pages 8 to 21, were authorised by the Board of Directors for issue on 19 March 2013.

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.

- Deferred tax – Recovery of Underlying Assets (Amendments to IAS 12) (2012). This provides a practical approach to the measurement of deferred tax liabilities and assets when investment property is measured at fair value, according to whether the entity expects to recover an asset by using or selling it.
- Disclosure – Transfer of Financial Assets (Amendments to IFRS 7) (2012). This revises the required disclosures to help users of financial statements evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position.

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* (2015). 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.
- IFRS 13 *Fair Value Measurement* (2013) defines fair value and sets out in a single IFRS a framework for measuring fair value.
- 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 unamended from IAS 27 *Consolidated and Separate Financial Statements*. Requirements for consolidated financial statements are now contained in IFRS 10 *Consolidated Financial Statements.*
- Annual Improvements to IFRS 2009-2011 cycle (2013). This makes a number of minor improvements to existing standards and interpretations.

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

- IFRS 10 *Consolidated Financial Statements* (2013) provides a single consolidation model that identifies control as the basis for consolidation for all types of entities.
- Investment Entities (Amendment to IFRS 10) (2013).
- Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1) (2012).
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (2013).
- Government Loans (Amendments to IFRS 1) (2013).
- IFRS 11 *Joint Arrangements* (2013) establishes principles for financial reporting by parties to a joint arrangement.
- 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.
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) (2013).
- IAS 19 *Employee Benefits* (Amendment) (2013). The IASB has issued numerous amendments to IAS 19.
- IAS 28 *Investments in Associates and Joint Ventures* (Revised) (2013).

- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) (2013).
- Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1) (2012).
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (2013).
- Government Loans (Amendments to IFRS 1) (2013).
- IFRS 11 *Joint Arrangements* (2013) establishes principles for financial reporting by parties to a joint arrangement.
- 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.
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) (2013).
- IAS 19 *Employee Benefits* (Amendment) (2013). The IASB has issued numerous amendments to IAS 19.
- IAS 28 *Investments in Associates and Joint Ventures* (Revised) (2013).
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) (2013).

3. Net investment income

	2012	2011
	£000	£000
Dividends from subsidiaries	17,000	18,800
Gain/(loss) from investments at fair value through profit and loss	75	(52)
Interest receivable	10	5
	17,085	18,753

4. Directors' remuneration

	2012	2011
	£000	£000
Salaries and other short term benefits	3,205	3,562
Termination benefits	949	286
Remuneration (excluding pension contributions and awards under share option schemes and other long-term incentive schemes)	4,154	3,848
Post-employment benefits	204	128
Amounts provided for Directors under phantom share-based payment schemes:	2,887	457
Number of Directors who:		
- are members of a defined benefit pension scheme	-	-

	2012	2011
	£000	£000
Highest paid Directors' remuneration:		
Remuneration (excluding pension contributions and awards under share option schemes and other long-term incentive schemes)	543	826
Termination benefits	-	-
	543	826
Remuneration under long-term incentive scheme	1,473	397
Total pension contributions	-	25

The directors' remuneration above is on a consolidated basis, for information only. No services are provided and no costs are absorbed by the Company. The costs are borne by the Company's subsidiaries, Ignis Investment Services Limited and Ignis Fund Managers Limited.

5. Auditors' remuneration

The remuneration of the auditors of the Company, including their associates, was £8,000 (2011: £7,000).

	2012	2011
	£000	£000
Audit of the financial statements	8	7
	8	7

The remuneration receivable by the Company's auditors for auditing the 2012 financial statements was paid by Phoenix Group Management Services Limited and recharged to the Company's subsidiaries, Ignis Investment Services Limited and Ignis Fund Managers Limited.

6. Tax charge

	2012	2011
	£000	£000
Current tax:		
UK Corporation tax	19	(13)
Adjustment in respect of prior years	1	-
Total tax (credit)/charge	20	(13)

Reconciliation of tax charge

	2012	2011
	£000	£000
Profit before tax	17,085	18,753
Tax at standard UK rate of 24.5% (2011: 26.5%)	4,186	4,970
Income not taxable	(4,167)	(4,983)
Permanent disallowables	-	-
Adjustment to tax charge in respect of prior years	1	-
Total tax (credit)/charge for the year	20	(13)

7. Share capital

The Company's Articles of Association contain a restriction, for five years from December 2008, on the number of shares that may be allotted up to the level of authorised share capital.

	2012	2011
	£000	£000
Authorised, issued and fully paid: 1,000 (2011: 1,000) ordinary shares of £1 each	1	1

8. Share premium

	2012 £000	2011 £000
At 1 January	49,999	49,999
Premium on shares issued during the year	-	-
At 31 December	49,999	49,999

9. Other reserves

	2012 £000	2011 £000
At 1 January	50,000	50,000
At 31 December	50,000	50,000

10. Capital contribution reserve

	2012 £000	2011 £000
Brought forward as at 1 January	50,800	50,800
At 31 December	50,800	50,800

On 1 January 2010 the Company received a capital contribution of £50,800,000 from Impala Holdings Limited, the immediate parent entity, in the form of £25,400,000 in cash and £25,400,000 in shares of Ignis Investment Management Limited.

This capital contribution was transferred to the subsidiary Ignis Investment Services Limited, in order to assist the purchase of the net assets and business of Ignis Investment Management Limited.

11. Dividends on ordinary shares

	2012 £000	2011 £000
Final dividend for prior year at £17,000 per share (2011 £7,400 per share)	17,000	7,400
Interim dividend in current year at £0 per share (2011 £11,400 per share)	-	11,400
	17,000	18,800

12. Other payables

	2012 £000	2011 £000
Amounts due to fellow Group entities	357	585
	357	585

13. Investment in subsidiaries

	2012 £000	2011 £000
Cost		
At 1 January	253,533	253,533
At 31 December	253,533	253,533
Impairment		
At 1 January	22,384	22,384
At 31 December	22,384	22,384
Carrying amount		
At 31 December	231,149	231,149

The principal subsidiaries of the Company are as follows:

	Country of incorporation and principal place of operation	Class of shares held
Ignis Investment Services Limited	UK	Ordinary shares of £0.10
Ignis Fund Managers Limited	UK	Ordinary shares of £1.00
Scottish Mutual International Fund Mangers Limited	Republic of Ireland	Ordinary shares of £1.00
Scottish Mutual PEP & ISA Managers Limited	UK	Ordinary shares of £1.00 Deferred shares of £1.00
Scottish Mutual Investment Managers Limited	UK	Ordinary shares of £1.00

All subsidiaries are 100% owned by Ignis Asset Management Limited.

14. Financial assets

	2012 £000	2011 £000
Seed capital investments at fair value		
At 1 January	855	637
Additions	135	389
Gain/(loss) on investments at fair value	86	(46)
Foreign exchange gain/(loss)	(11)	(6)
Disposals	(375)	(119)
At 31 December	690	855

All financial assets are classified as level 1 in accordance with the IFRS 7 definitions (See note 1). The fair value is not materially different to that of its carrying amount. All Investments held are less than 1% of total capital of each fund.

15. Cash and cash equivalents

	2012	2011
	£000	£000
Bank and cash balances	44	42
	44	42

16. Cash flows

	2012	2011
	£000	£000
Profit for the year before tax	17,085	18,753
Non operating cash movements in profit for the year before tax		
Dividends received from subsidiaries	(17,000)	(18,800)
(Gain)/loss on investments	(86)	46
Foreign exchange (gain)/loss	11	6
Changes in operating assets and liabilities		
Increase/(decrease) in other payables	(150)	275
Cash generated/(absorbed) by operations	(140)	280

17. Capital management

The Ignis Capital Management Policy involves close monitoring of capital. 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. For details of regulatory capital, please refer to note 18.

18. 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.

The Company 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 of the Committee. The Committee's remit covers operational and strategic risk. In addition it has taken responsibility for review of business continuity, data security, insurance and counterparty risk reporting. The Committee has discussed and analysed throughout 2012 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 strong 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 minimal 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 (Standard and Poor's rating). As at 31 December 2012 no financial assets were past due or impaired (2011:£nil). The amount disclosed in the statement of financial position in respect of current assets of £44,000 (2011: £42,000) represents the Company's maximum exposure to credit risk.

Market risk
Market risk represents the potential loss in value of financial assets held by the Company, caused by adverse movements in market variables which would impact on the revenue and profitability of the Company.

The Company holds units/shares in Unit Trusts and SICAV funds. These investments were made to provide seed capital for the funds concerned and will be sold in due course. Accordingly the Company is exposed to fluctuations in the market value of these holdings. The amount disclosed in the statement of financial statements in respect of financial assets represents the Company's maximum exposure to market risk.

The Company's principal transactions are carried out in sterling (£) and therefore its exposure to foreign exchange risk is limited. At 31 December 2012, seed capital balances in US Dollars amounted to £84,470 sterling equivalent (2011: £93,998), and seed capital balances in Euros amounted to £194,638 sterling equivalent (2011: £204,344).

As a result of the previous economic turmoil in the Euro zone, the Euro bank account is monitored on a daily 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 its obligations at all times. All financial liabilities are due in one year or less.

Regulatory Capital
The Company itself is unregulated. The Ignis Group however 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 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 FSA Handbook for Insurers.

19. 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.

20. 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 subsidiaries (see note 13), its parent entities (see note 22), key management personnel (see note 4) and the life funds managed by the Company's subsidiaries.

The Company holds investments of £690,000 (2011 £855,000) in Unit Trusts/SICAVs managed by the Ignis Asset Management Group.

In the year ended 31 December 2012 the Company received dividends from its subsidiaries of £17,000,000 (2011 £18,800,000) and paid dividends to its parent company of £17,000,000 (2011 £18,800,000).

Amounts paid to related parties

	2012	2011
	£000	£000
Dividend paid to Impala Holdings Limited, the parent entity	17,000	18,800
	17,000	18,800

Amounts received from related parties

	2012	2011
	£000	£000
Dividend received from subsidiaries	17,000	18,800
	17,000	18,800

Amounts due to related parties

	2012	2011
	£000	£000
Amounts due to fellow Group entities	357	585
	357	585

Key management compensation
During the year to 31 December 2012, key management and other family members contributed £nil (2011 £ nil) to products sold by the Company. These relate primarily to investment, life and pension products.

21. 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.

22. Other information

The Company's principal place of business is the United Kingdom. The Company's immediate parent is Impala Holdings Limited, registered in England 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.